

FISCAL BIENNIUM 2006-2008 COMMONWEALTH BUDGET FINAL BUDGET MEMORANDUM

VOLUME IV

Legislative Research Commission

June 7, 2006

This FB 2006-2008 Commonwealth Budget Final Budget Memorandum, as approved by the Legislative Research Commission pursuant to 2006 HJR 93, enumerates the changes made by the 2006 General Assembly to HB 380, the State/Executive Branch Budget Bill, and provides explanatory detail to convey the intent of their actions. This report addresses not only provisions of HB 380, but also applicable provisions of HB 557 that impact, add, or modify appropriation and revenue provisions contained in HB 380.

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**FISCAL BIENNIUM 2006-2008 COMMONWEALTH BUDGET
FINAL BUDGET MEMORANDUM**

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Environmental and Public Protection Cabinet

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FB 2006-2008 FINAL BUDGET MEMORANDUM - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY

ENVIRONMENTAL AND PUBLIC PROTECTION CABINET OPERATING BUDGET

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
TOTAL FUNDS									
REGULAR APPROPRIATIONS SUMMARY BY APPROPRIATION UNIT									
General Administration and Program Support	16,776,700	16,776,700		17,492,200	16,992,200	(500,000)	17,787,000	17,287,000	(500,000)
Environmental Protection	91,868,700	91,889,700	21,000	85,269,500	85,253,400	(16,100)	80,515,200	80,815,200	300,000
Natural Resources	37,775,500	37,775,500		34,733,700	38,733,700	4,000,000	35,911,600	38,911,600	3,000,000
Mine Reclamation and Enforcement	31,037,600	31,037,600		32,894,200	32,894,200		33,305,700	33,305,700	
Abandoned Mine Land Reclamation Projects	22,000,000	22,000,000		22,000,000	22,000,000		22,000,000	22,000,000	
Environmental Quality Commission	142,000	142,000		266,600	266,600		263,800	263,800	
Kentucky Nature Preserves Commission	1,511,100	1,511,100		1,525,400	1,600,400	75,000	1,549,300	1,624,300	75,000
Public Protection Commissioner	1,056,600	1,056,600		1,188,700	1,188,700		1,193,400	1,193,400	
Boxing and Wrestling Authority	100,000	100,000		100,000	100,000		100,000	100,000	
Petroleum Storage Tank Environmental Assurance Fund	29,069,400	29,069,400		29,164,500	29,164,500		32,756,700	32,756,700	
Alcoholic Beverage Control	4,970,700	4,970,700		5,019,200	5,019,200		5,190,200	5,190,200	
Charitable Gaming	2,932,800	2,932,800		3,299,600	3,299,600		3,343,200	3,343,200	
Board of Claims/Crime Victims Compensation	3,489,200	3,489,200		3,507,300	3,507,300		3,385,500	3,385,500	
Financial Institutions	7,568,600	7,568,600		9,223,800	9,223,800		9,342,200	9,342,200	
Horse Racing Authority	29,014,500	29,014,500		28,444,500	29,644,500	1,200,000	28,287,800	28,287,800	
Housing, Buildings and Construction	15,521,200	15,521,200		18,392,100	18,392,100		18,683,100	18,683,100	
Insurance	37,496,200	37,496,200		42,236,500	42,303,400	66,900	50,246,200	50,314,000	67,800
Mine Safety Review Commission	198,500	198,500		200,700	200,700		202,400	202,400	
Mine Safety and Licensing	10,701,700	10,701,700		11,540,900	11,540,900		11,739,600	11,739,600	
Public Service Commission	7,526,300	7,526,300		13,690,800	13,690,800		14,074,300	14,074,300	
Tax Appeals	429,500	429,500		471,400	471,400		465,400	465,400	
Labor	128,244,900	128,244,900		122,783,400	122,783,400		123,440,900	123,440,900	
Occupational Safety and Health Review Commission	560,500	560,500		500,600	500,600		510,900	510,900	

FB 2006-2008 FINAL BUDGET MEMORANDUM - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY
ENVIRONMENTAL AND PUBLIC PROTECTION CABINET OPERATING BUDGET

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
Workers Compensation Board	922,200	922,200		937,900	937,900		949,500	949,500	
Workers Compensation Funding Commission	127,237,200	127,237,200		137,298,200	137,298,200		135,181,600	135,181,600	
Regular Appropriation	608,151,600	608,172,600	21,000	622,181,700	627,007,500	4,825,800	630,425,500	633,368,300	2,942,800

FB 2006-2008 FINAL BUDGET MEMORANDUM - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY
ENVIRONMENTAL AND PUBLIC PROTECTION CABINET OPERATING BUDGET

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
GENERAL FUND (TOBACCO)									
REGULAR APPROPRIATIONS SUMMARY BY APPROPRIATION UNIT									
Natural Resources	8,370,000	8,370,000		5,000,000	9,000,000	4,000,000	6,000,000	9,000,000	3,000,000
Insurance	15,612,600	15,612,600		13,692,700	13,692,700		14,496,000	14,496,000	
Regular Appropriation	23,982,600	23,982,600		18,692,700	22,692,700	4,000,000	20,496,000	23,496,000	3,000,000

GENERAL FUND (TOBACCO)

CONTINUED RESERVE SPENDING SUMMARY BY APPROPRIATION UNIT

Natural Resources	5,966,900	5,966,900	
Reserve Spending	5,966,900	5,966,900	

FB 2006-2008 FINAL BUDGET MEMORANDUM - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY

ENVIRONMENTAL AND PUBLIC PROTECTION CABINET OPERATING BUDGET

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
GENERAL FUND									
REGULAR APPROPRIATIONS SUMMARY BY APPROPRIATION UNIT									
General Administration and Program Support	9,396,500	9,396,500		9,252,100	8,752,100	(500,000)	9,041,400	8,541,400	(500,000)
Environmental Protection	23,510,500	23,531,500	21,000	25,611,800	25,611,800		26,118,000	26,118,000	
Natural Resources	13,980,200	13,980,200		14,895,300	14,895,300		14,895,700	14,895,700	
Mine Reclamation and Enforcement	9,661,600	9,661,600		10,651,900	10,651,900		10,828,200	10,828,200	
Environmental Quality Commission	43,000	43,000							
Kentucky Nature Preserves Commission	1,007,600	1,007,600		1,091,500	1,166,500	75,000	1,091,500	1,166,500	75,000
Petroleum Storage Tank Environmental Assurance Fund							3,479,000	3,479,000	
Alcoholic Beverage Control	1,441,400	1,441,400		1,441,400	1,441,400		1,058,600	1,058,600	
Board of Claims/Crime Victims Compensation	848,000	848,000		848,000	848,000		848,000	848,000	
Horse Racing Authority	509,700	509,700		509,700	1,709,700	1,200,000	509,700	509,700	
Housing, Buildings and Construction	2,380,900	2,380,900		2,524,200	2,524,200		2,524,200	2,524,200	
Insurance				6,500,000	6,500,000		13,500,000	13,500,000	
Mine Safety Review Commission	198,500	198,500		200,700	200,700		202,400	202,400	
Mine Safety and Licensing	9,460,200	9,460,200		9,522,600	9,522,600		9,522,600	9,522,600	
Public Service Commission	6,295,600	6,295,600		12,624,800	12,624,800		13,006,000	13,006,000	
Tax Appeals	429,500	429,500		471,400	471,400		465,400	465,400	
Labor	2,602,200	2,602,200		2,453,400	2,453,400		2,456,800	2,456,800	
Regular Appropriation	81,765,400	81,786,400	21,000	98,598,800	99,373,800	775,000	109,547,500	109,122,500	(425,000)

GENERAL FUND

CONTINUED RESERVE SPENDING SUMMARY BY APPROPRIATION UNIT

Board of Claims/Crime Victims Compensation	(88,000)	(88,000)		44,000	44,000		44,000	44,000	
Public Service Commission	2,261,700	2,261,700							
Reserve Spending	2,173,700	2,173,700		44,000	44,000		44,000	44,000	

FB 2006-2008 FINAL BUDGET MEMORANDUM - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY

ENVIRONMENTAL AND PUBLIC PROTECTION CABINET OPERATING BUDGET

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
RESTRICTED FUNDS									
REGULAR APPROPRIATIONS SUMMARY BY APPROPRIATION UNIT									
General Administration and Program Support	5,911,600	5,911,600		6,708,200	6,708,200		7,132,900	7,132,900	
Environmental Protection	50,377,500	50,377,500		40,610,300	40,294,200	(316,100)	35,159,600	35,159,600	
Natural Resources	6,259,000	6,259,000		5,704,300	5,704,300		5,886,500	5,886,500	
Mine Reclamation and Enforcement	4,496,500	4,496,500		3,927,900	3,927,900		3,606,000	3,606,000	
Environmental Quality Commission	99,000	99,000		266,600	266,600		263,800	263,800	
Kentucky Nature Preserves Commission	353,100	353,100		378,900	378,900		402,800	402,800	
Public Protection Commissioner	1,056,600	1,056,600		1,188,700	1,188,700		1,193,400	1,193,400	
Boxing and Wrestling Authority	100,000	100,000		100,000	100,000		100,000	100,000	
Petroleum Storage Tank Environmental Assurance Fund	29,069,400	29,069,400		29,164,500	29,164,500		29,277,700	29,277,700	
Alcoholic Beverage Control	3,529,300	3,529,300		3,577,800	3,577,800		4,131,600	4,131,600	
Charitable Gaming	2,932,800	2,932,800		3,299,600	3,299,600		3,343,200	3,343,200	
Board of Claims/Crime Victims Compensation	2,101,100	2,101,100		2,119,200	2,119,200		1,997,400	1,997,400	
Financial Institutions	7,568,600	7,568,600		9,223,800	9,223,800		9,342,200	9,342,200	
Horse Racing Authority	28,504,800	28,504,800		27,934,800	27,934,800		27,778,100	27,778,100	
Housing, Buildings and Construction	13,134,300	13,134,300		15,867,900	15,867,900		16,158,900	16,158,900	
Insurance	21,883,600	21,883,600		22,043,800	22,110,700	66,900	22,250,200	22,318,000	67,800
Mine Safety and Licensing	261,000	261,000		1,437,200	1,437,200		1,635,900	1,635,900	
Public Service Commission	1,024,000	1,024,000		850,000	850,000		850,000	850,000	
Labor	122,470,000	122,470,000		116,986,200	116,986,200		117,654,300	117,654,300	
Occupational Safety and Health Review Commission	560,500	560,500		500,600	500,600		510,900	510,900	
Workers Compensation Board	922,200	922,200		937,900	937,900		949,500	949,500	
Workers Compensation Funding Commission	127,237,200	127,237,200		137,298,200	137,298,200		135,181,600	135,181,600	

FB 2006-2008 FINAL BUDGET MEMORANDUM - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY
ENVIRONMENTAL AND PUBLIC PROTECTION CABINET OPERATING BUDGET

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
Regular Appropriation	429,852,100	429,852,100		430,126,400	429,877,200	(249,200)	424,806,500	424,874,300	67,800

FB 2006-2008 FINAL BUDGET MEMORANDUM - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY
ENVIRONMENTAL AND PUBLIC PROTECTION CABINET OPERATING BUDGET

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
FEDERAL FUNDS									
REGULAR APPROPRIATIONS SUMMARY BY APPROPRIATION UNIT									
General Administration and Program Support	1,468,600	1,468,600		1,531,900	1,531,900		1,612,700	1,612,700	
Environmental Protection	17,980,700	17,980,700		19,047,400	19,047,400		19,237,600	19,237,600	
Natural Resources	9,166,300	9,166,300		9,134,100	9,134,100		9,129,400	9,129,400	
Mine Reclamation and Enforcement	16,879,500	16,879,500		18,314,400	18,314,400		18,871,500	18,871,500	
Abandoned Mine Land Reclamation Projects	22,000,000	22,000,000		22,000,000	22,000,000		22,000,000	22,000,000	
Kentucky Nature Preserves Commission	150,400	150,400		55,000	55,000		55,000	55,000	
Board of Claims/Crime Victims Compensation	540,100	540,100		540,100	540,100		540,100	540,100	
Housing, Buildings and Construction	6,000	6,000							
Mine Safety and Licensing	980,500	980,500		581,100	581,100		581,100	581,100	
Public Service Commission	206,700	206,700		216,000	216,000		218,300	218,300	
Labor	3,172,700	3,172,700		3,343,800	3,343,800		3,329,800	3,329,800	
Regular Appropriation	72,551,500	72,551,500		74,763,800	74,763,800		75,575,500	75,575,500	

FB 2006-2008 FINAL BUDGET MEMORANDUM - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY**ENVIRONMENTAL AND PUBLIC PROTECTION CABINET OPERATING BUDGET**

Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference

ROAD FUND**REGULAR APPROPRIATIONS SUMMARY BY APPROPRIATION UNIT**

Environmental Protection				300,000	300,000		300,000	300,000
Regular Appropriation				300,000	300,000		300,000	300,000

F - Environmental and Public Protection Cabinet

Operating Budget

Summary Totals

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund (Tobacco)	23,982,600	23,982,600		18,692,700	22,692,700	4,000,000	20,496,000	23,496,000	3,000,000
General Fund	81,765,400	81,786,400	21,000	98,598,800	99,373,800	775,000	109,547,500	109,122,500	(425,000)
Restricted Funds	429,852,100	429,852,100		430,126,400	429,877,200	(249,200)	424,806,500	424,874,300	67,800
Federal Funds	72,551,500	72,551,500		74,763,800	74,763,800		75,575,500	75,575,500	
Road Fund					300,000	300,000		300,000	300,000
Regular Total Funds	608,151,600	608,172,600	21,000	622,181,700	627,007,500	4,825,800	630,425,500	633,368,300	2,942,800
Use of Continuing	8,140,600	8,140,600		44,000	44,000		44,000	44,000	
TOTAL FUNDS	616,292,200	616,313,200	21,000	622,225,700	627,051,500	4,825,800	630,469,500	633,412,300	2,942,800
II. EXPENDITURE CATEGORY									
Personnel Costs	210,482,500	210,482,500		226,175,200	225,817,100	(358,100)	230,171,800	229,814,600	(357,200)
Operating Expenses	190,835,200	190,856,200	21,000	204,792,600	205,976,500	1,183,900	203,925,100	204,225,100	300,000
Grants, Loans, Benefits	181,713,100	181,713,100		167,684,100	171,684,100	4,000,000	174,545,200	177,545,200	3,000,000
Debt Service	589,000	589,000		589,000	589,000		4,068,000	4,068,000	
Capital Outlay	21,895,100	21,895,100		10,484,800	10,484,800		5,759,400	5,759,400	
Construction	10,777,300	10,777,300		12,500,000	12,500,000		12,000,000	12,000,000	
TOTAL EXPENDITURES	616,292,200	616,313,200	21,000	622,225,700	627,051,500	4,825,800	630,469,500	633,412,300	2,942,800
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund (Tobacco)	23,982,600	23,982,600		18,692,700	18,692,700		20,496,000	20,496,000	
General Fund	81,765,400	81,765,400		88,462,600	89,162,600	700,000	88,766,400	88,266,400	(500,000)
Restricted Funds	429,852,100	429,852,100		414,425,000	414,425,000		411,766,800	411,766,800	
Federal Funds	72,551,500	72,551,500		71,318,900	71,318,900		71,955,300	71,955,300	
Regular Total Funds	608,151,600	608,151,600		592,899,200	593,599,200	700,000	592,984,500	592,484,500	(500,000)
Use of Continuing	8,140,600	8,140,600		44,000	44,000		44,000	44,000	
TOTAL BASE LEVEL	616,292,200	616,292,200		592,943,200	593,643,200	700,000	593,028,500	592,528,500	(500,000)
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
General Fund (Tobacco)					4,000,000	4,000,000		3,000,000	3,000,000
General Fund		21,000	21,000	10,136,200	10,211,200	75,000	20,781,100	20,856,100	75,000
Restricted Funds				15,701,400	15,452,200	(249,200)	13,039,700	13,107,500	67,800
Federal Funds				3,444,900	3,444,900		3,620,200	3,620,200	
Road Fund					300,000	300,000		300,000	300,000
TOTAL ADDITIONAL		21,000	21,000	29,282,500	33,408,300	4,125,800	37,441,000	40,883,800	3,442,800

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F - Environmental and Public Protection Cabinet

Capital Budget

Summary Totals

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. CAPITAL PROJECT RECAP BY FUND SOURCE									
General Fund									
Restricted Funds				6,100,000	6,100,000		5,600,000	5,600,000	
Federal Funds				1,000,000	1,000,000		1,000,000	1,000,000	
Bond Funds				25,000,000	25,000,000				
Investment Income				200,000	200,000		200,000	200,000	
TOTAL CAPITAL				32,300,000	32,300,000		6,800,000	6,800,000	

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F - Environmental and Public Protection Cabinet

Operating Budget

General Administration and Program Support

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	9,396,500	9,396,500		9,252,100	8,752,100	(500,000)	9,041,400	8,541,400	(500,000)
Restricted Funds	5,911,600	5,911,600		6,708,200	6,708,200		7,132,900	7,132,900	
Federal Funds	1,468,600	1,468,600		1,531,900	1,531,900		1,612,700	1,612,700	
Regular Total Funds	16,776,700	16,776,700		17,492,200	16,992,200	(500,000)	17,787,000	17,287,000	(500,000)
Use of Continuing									
TOTAL FUNDS	16,776,700	16,776,700		17,492,200	16,992,200	(500,000)	17,787,000	17,287,000	(500,000)
II. EXPENDITURE CATEGORY									
Personnel Costs	14,825,000	14,825,000		15,582,700	15,082,700	(500,000)	15,879,500	15,379,500	(500,000)
Operating Expenses	1,938,700	1,938,700		1,896,500	1,896,500		1,894,500	1,894,500	
Capital Outlay	13,000	13,000		13,000	13,000		13,000	13,000	
TOTAL EXPENDITURES	16,776,700	16,776,700		17,492,200	16,992,200	(500,000)	17,787,000	17,287,000	(500,000)
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	9,396,500	9,396,500		9,252,100	8,752,100	(500,000)	9,041,400	8,541,400	(500,000)
Restricted Funds	5,911,600	5,911,600		6,591,700	6,591,700		7,011,400	7,011,400	
Federal Funds	1,468,600	1,468,600		1,531,900	1,531,900		1,612,700	1,612,700	
Regular Total Funds	16,776,700	16,776,700		17,375,700	16,875,700	(500,000)	17,665,500	17,165,500	(500,000)
Use of Continuing									
TOTAL BASE LEVEL	16,776,700	16,776,700		17,375,700	16,875,700	(500,000)	17,665,500	17,165,500	(500,000)
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
Restricted Funds				116,500	116,500		121,500	121,500	
TOTAL ADDITIONAL				116,500	116,500		121,500	121,500	
V. ADDITIONAL BUDGET ITEMS									
1 GB General Administration and Support Programs- Legal Services									
ABR5690006 Provide funds for two (2) full-time Staff Attorney positions.									
Restricted Funds				116,500	116,500		121,500	121,500	
Project Total				116,500	116,500		121,500	121,500	
TOTAL ADDITIONAL				116,500	116,500		121,500	121,500	

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General Administration and Program Support

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State /Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

GENERAL ASSEMBLY

The General Assembly concurs with the Branch with the following changes:

The General Assembly reduces General Fund support totaling \$500,000 in fiscal year 2006-2007 and \$500,000 in fiscal year 2007-2008.

The General Assembly amends the State/Executive Branch Budget Bill, Part I, Operating Budget, to include the following language provisions:

"Salary Range Increase for Engineering and Mine Inspector Positions: Notwithstanding any other provision of law, the Secretary of the Environmental and Public Protection Cabinet may increase the salary range for authorized engineering and mine inspector positions within the Cabinet's air, waste, water, and mining programs as necessary to allow for employment and retention of staff sufficient to timely provide the permitting and compliance determinations under those programs. The salary range and caps may be exceeded only upon a finding by the Secretary that the increases are necessary and the presentation of the new salary range and the justification for that new range to the Interim Joint Committee on Appropriations and Revenue."

F - Environmental and Public Protection Cabinet

Capital Budget

General Administration and Program Support

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. CAPITAL PROJECT RECAP BY FUND SOURCE									
Restricted Funds				3,000,000	3,000,000		3,000,000	3,000,000	
Federal Funds				1,000,000	1,000,000		1,000,000	1,000,000	
Investment Income				200,000	200,000		200,000	200,000	
TOTAL CAPITAL				4,200,000	4,200,000		4,200,000	4,200,000	
II. CAPITAL PROJECTS									
1	Maintenance Pool for Cabinet Owned Facilities								
PRJ5691494									
Investment Income				200,000	200,000		200,000	200,000	
Project Total				200,000	200,000		200,000	200,000	
2	Kentucky Heritage Land Conservation Fund								
PRJ5691493									
Restricted Funds				3,000,000	3,000,000		3,000,000	3,000,000	
Federal Funds				1,000,000	1,000,000		1,000,000	1,000,000	
Project Total				4,000,000	4,000,000		4,000,000	4,000,000	
TOTAL CAPITAL				4,200,000	4,200,000		4,200,000	4,200,000	

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F - Environmental and Public Protection Cabinet

Operating Budget

Environmental Protection

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	23,510,500	23,531,500	21,000	25,611,800	25,611,800		26,118,000	26,118,000	
Restricted Funds	50,377,500	50,377,500		40,610,300	40,294,200	(316,100)	35,159,600	35,159,600	
Federal Funds	17,980,700	17,980,700		19,047,400	19,047,400		19,237,600	19,237,600	
Road Fund					300,000	300,000		300,000	300,000
Regular Total Funds	91,868,700	91,889,700	21,000	85,269,500	85,253,400	(16,100)	80,515,200	80,815,200	300,000
Use of Continuing									
TOTAL FUNDS	91,868,700	91,889,700	21,000	85,269,500	85,253,400	(16,100)	80,515,200	80,815,200	300,000
II. EXPENDITURE CATEGORY									
Personnel Costs	46,541,800	46,541,800		52,803,500	52,803,500		53,058,000	53,058,000	
Operating Expenses	7,536,300	7,557,300	21,000	7,529,600	7,513,500	(16,100)	7,511,200	7,811,200	300,000
Grants, Loans, Benefits	18,153,800	18,153,800		16,300,600	16,300,600		16,307,300	16,307,300	
Capital Outlay	19,104,500	19,104,500		8,135,800	8,135,800		3,638,700	3,638,700	
Construction	532,300	532,300		500,000	500,000				
TOTAL EXPENDITURES	91,868,700	91,889,700	21,000	85,269,500	85,253,400	(16,100)	80,515,200	80,815,200	300,000
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	23,510,500	23,510,500		24,740,800	24,740,800		25,218,000	25,218,000	
Restricted Funds	50,377,500	50,377,500		32,639,200	32,639,200		27,653,600	27,653,600	
Federal Funds	17,980,700	17,980,700		17,089,700	17,089,700		17,127,200	17,127,200	
Regular Total Funds	91,868,700	91,868,700		74,469,700	74,469,700		69,998,800	69,998,800	
Use of Continuing									
TOTAL BASE LEVEL	91,868,700	91,868,700		74,469,700	74,469,700		69,998,800	69,998,800	
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
General Fund		21,000	21,000	871,000	871,000		900,000	900,000	
Restricted Funds				7,971,100	7,655,000	(316,100)	7,506,000	7,506,000	
Federal Funds				1,957,700	1,957,700		2,110,400	2,110,400	
Road Fund					300,000	300,000		300,000	300,000
TOTAL ADDITIONAL		21,000	21,000	10,799,800	10,783,700	(16,100)	10,516,400	10,816,400	300,000
V. ADDITIONAL BUDGET ITEMS									
1 GB Environmental Protection- Commissioner's Office									
ABR5900001 Provide funds for one (1) full-time position to maintain TEMPO computer system.									
Restricted Funds				59,200	59,200		62,800	62,800	
Project Total				59,200	59,200		62,800	62,800	

F - Environmental and Public Protection Cabinet

Operating Budget

Environmental Protection

Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008			
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
2	GB	Environmental Protection- Division of Water							
ABR5900002	Provide funds for 19 full-time positions necessary to meet federal EPA requirements.								
General Fund				871,000	871,000		900,000	900,000	
Federal Funds				922,000	922,000		1,109,000	1,109,000	
Project Total				1,793,000	1,793,000		2,009,000	2,009,000	
3	GB	Environmental Protection- Air Quality							
ABR5900007	Provide funds for 33 full-time positions necessary to meet federal Clean Air Act requirements.								
Restricted Funds				1,097,000	1,097,000		1,122,300	1,122,300	
Federal Funds				341,800	341,800		343,400	343,400	
Project Total				1,438,800	1,438,800		1,465,700	1,465,700	
4	GB	Environmental Protection- Air Quality							
ABR5900013	Provide funds for one (1) full-time position to expedite the permitting process.								
Restricted Funds				47,000	47,000		48,000	48,000	
Project Total				47,000	47,000		48,000	48,000	
5	EXPAN	Environmental Protection- Division of Water - 404 Program Assumption							
ABR5900003	Provides Road Fund support for 404 implementation.								
Restricted Funds				550,100		(550,100)			
Road Fund					300,000	300,000		300,000	300,000
Project Total				550,100	300,000	(250,100)		300,000	300,000
6	EXPAN	Environmental Protection- DWM - Brownfields							
ABR5900010	Provide funds for one (1) full-time Environmental Technologist position.								
Federal Funds				69,300	69,300		72,400	72,400	
Project Total				69,300	69,300		72,400	72,400	
7	EXPAN	Environmental Protection- Division of Water - Capacity Development							
ABR5900005	Provide funds for seven (7) full-time positions.								
Federal Funds				514,500	514,500		475,900	475,900	
Project Total				514,500	514,500		475,900	475,900	
8	EXPAN	Environmental Protection- Division of Water - Water Resource Planning							
ABR5900006	Provide funds for two (2) full-time positions.								
Federal Funds				110,100	110,100		109,700	109,700	
Project Total				110,100	110,100		109,700	109,700	

F - Environmental and Public Protection Cabinet

Operating Budget

Environmental Protection

Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008			
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
9	RRF	Environmental Protection- DWM - Hazardous Waste Funding							
ABR5900011		Provide Restricted Funds for Hazardous Waste Program.							
Restricted Funds				3,531,100	3,531,100		3,591,200	3,591,200	
Project Total				3,531,100	3,531,100		3,591,200	3,591,200	
10	RRF	Environmental Protection- DWM - Waste Tire Funding							
ABR5900012		Provide Restricted Funds for Tire Trust Fund.							
Restricted Funds				2,686,700	2,686,700		2,681,700	2,681,700	
Project Total				2,686,700	2,686,700		2,681,700	2,681,700	
11	CONT	Restore funding for Maxey Flats							
ABR5900023		Restore funding for Maxey Flats.							
General Fund		21,000	21,000						
Project Total		21,000	21,000						
12	NEW	Environmental Protection - Division of Water-Water Discharge Permitting Program							
ABR5900024		Provide Restricted Funds for Clean Water Act, Water Quality Standards and Discharge Permitting.							
Restricted Funds					234,000	234,000			
Project Total					234,000	234,000			
TOTAL ADDITIONAL		21,000	21,000	10,799,800	10,783,700	(16,100)	10,516,400	10,816,400	300,000

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Environmental Protection

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State /Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part V, Funds Transfer, includes a transfer from Division of Waste Management Kentucky Pride Trust Fund, Restricted Funds of \$20,006,300 in fiscal year 2006-2007 and \$2,006,300 in fiscal year 2007-2008.

The State/Executive Branch Budget Bill, Part I, Operating Budget includes language provisions that direct:

"404 Permitting Program: Notwithstanding KRS 224.20-050(4) and 224.20-730, \$550,100 in Restricted Funds shall be transferred in fiscal year 2006-2007 from the Division of Air Quality to the Division of Water to be used for activities relating to the pursuit of state primacy of the Clean Water Act Section 404 Permitting Program. The funds may also be used for the initial operating costs associated with the program."

"Municipal Solid Waste Landfill Inspectors: Notwithstanding KRS 224.43-320, no funds are provided in the above appropriations for the assignment of full-time inspectors to each municipal solid waste landfill operating in the Commonwealth."

"Kentucky Pride Program: Included in the above Restricted Funds appropriation is \$18,339,300 in fiscal year 2006-2007 and \$13,705,400 in fiscal year 2007-2008 for the Kentucky Pride Program."

GENERAL ASSEMBLY

The General Assembly concurs with the Branch with the following changes:

The General Assembly amends the State/Executive Branch Budget Bill, Part I, Operating Budget, to include the following language provision:

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Environmental Protection

"404 Permitting Program: Included in the above Road Fund appropriation is \$300,000 in each year of the biennium for the U.S. Clean Water Act section 404 Permitting Program in the Environmental and Public Protection Cabinet's Division of Water, to facilitate highway construction projects."

The General Assembly adds the following Part I, Operating Budget, language provisions:

"Solid Waste Enforcement Activity: In accordance with KRS 224.43-505, the Environmental and Public Protection Cabinet shall suspend until July 1, 2008, enforcement activity regarding landfill closure, maintenance, monitoring, and remediation obligations against formerly permitted municipal solid waste disposal and water facilities owned by a city or county that ceases accepting waste prior to July 1, 1992, except as necessary to abate an environmental emergency."

"Water Discharge Permitting Program: Notwithstanding KRS 224.20-730, \$233,926 in Restricted Funds shall be transferred in fiscal year 2006-2007 from the Division of Air Quality to the Division of Water to be used for activities relating to the Clean Water Act, Water Quality Standards and Discharge Permitting."

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F - Environmental and Public Protection Cabinet

Capital Budget

Environmental Protection

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. CAPITAL PROJECT RECAP BY FUND SOURCE									
General Fund									
Restricted Funds				3,100,000	3,100,000		2,600,000	2,600,000	
TOTAL CAPITAL				3,100,000	3,100,000		2,600,000	2,600,000	
II. CAPITAL PROJECTS									
1	DEP Maxey Flats Construct Deep Well Monitoring								
PRJ5901465									
Restricted Funds				500,000	500,000				
Project Total				500,000	500,000				
2	St Funded Leaking Underground Storage Tanks Addl								
PRJ5901463									
Restricted Funds				500,000	500,000		500,000	500,000	
Project Total				500,000	500,000		500,000	500,000	
3	Hazardous Waste Management Fund								
PRJ5901462									
Restricted Funds				2,100,000	2,100,000		2,100,000	2,100,000	
Project Total				2,100,000	2,100,000		2,100,000	2,100,000	
4	Schenkel Lane								
PRJ5901468									
General Fund									
Project Total									
5	Ash Building - Fort Boone Plaza								
PRJ5901469									
General Fund									
Project Total									
TOTAL CAPITAL				3,100,000	3,100,000		2,600,000	2,600,000	

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F - Environmental and Public Protection Cabinet

Operating Budget

Natural Resources

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund (Tobacco)	8,370,000	8,370,000		5,000,000	9,000,000	4,000,000	6,000,000	9,000,000	3,000,000
General Fund	13,980,200	13,980,200		14,895,300	14,895,300		14,895,700	14,895,700	
Restricted Funds	6,259,000	6,259,000		5,704,300	5,704,300		5,886,500	5,886,500	
Federal Funds	9,166,300	9,166,300		9,134,100	9,134,100		9,129,400	9,129,400	
Regular Total Funds	37,775,500	37,775,500		34,733,700	38,733,700	4,000,000	35,911,600	38,911,600	3,000,000
Use of Continuing	5,966,900	5,966,900							
TOTAL FUNDS	43,742,400	43,742,400		34,733,700	38,733,700	4,000,000	35,911,600	38,911,600	3,000,000
II. EXPENDITURE CATEGORY									
Personnel Costs	15,072,500	15,072,500		15,733,800	15,733,800		16,097,600	16,097,600	
Operating Expenses	3,685,500	3,685,500		3,760,800	3,760,800		3,755,600	3,755,600	
Grants, Loans, Benefits	23,965,700	23,965,700		14,539,100	18,539,100	4,000,000	15,358,400	18,358,400	3,000,000
Capital Outlay	1,018,700	1,018,700		700,000	700,000		700,000	700,000	
TOTAL EXPENDITURES	43,742,400	43,742,400		34,733,700	38,733,700	4,000,000	35,911,600	38,911,600	3,000,000
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund (Tobacco)	8,370,000	8,370,000		5,000,000	5,000,000		6,000,000	6,000,000	
General Fund	13,980,200	13,980,200		14,895,300	14,895,300		14,895,700	14,895,700	
Restricted Funds	6,259,000	6,259,000		5,494,400	5,494,400		5,666,600	5,666,600	
Federal Funds	9,166,300	9,166,300		9,134,100	9,134,100		9,129,400	9,129,400	
Regular Total Funds	37,775,500	37,775,500		34,523,800	34,523,800		35,691,700	35,691,700	
Use of Continuing	5,966,900	5,966,900							
TOTAL BASE LEVEL	43,742,400	43,742,400		34,523,800	34,523,800		35,691,700	35,691,700	
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
General Fund (Tobacco)					4,000,000	4,000,000		3,000,000	3,000,000
Restricted Funds				209,900	209,900		219,900	219,900	
TOTAL ADDITIONAL				209,900	4,209,900	4,000,000	219,900	3,219,900	3,000,000
V. ADDITIONAL BUDGET ITEMS									
1 GB	Natural Resources- Office of Technical and Administrative Support								
ABR595C0001	Provide funds for two (2) full-time positions for Strategic Goals Implementation.								
Restricted Funds				209,900	209,900		219,900	219,900	
Project Total				209,900	209,900		219,900	219,900	

F - Environmental and Public Protection Cabinet

Operating Budget

Natural Resources

Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
2 CONT Natural Resources - Environmental Stewardship Program								
ABR595C0007 Provide funds to restore funding to Environmental Stewardship Program.								
General Fund (Tobacco)				4,000,000	4,000,000		3,000,000	3,000,000
Project Total				4,000,000	4,000,000		3,000,000	3,000,000
TOTAL ADDITIONAL			209,900	4,209,900	4,000,000	219,900	3,219,900	3,000,000

TRANSFERS TO THE GENERAL FUND

Natural Resources

Agency Revenue Fund (KRS 149.280(2) and 149.670)	247,900	247,900
TOTAL	247,900	247,900

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Natural Resources

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State /Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part V, Funds Transfer, includes a transfer from Division of Forestry, Restricted Funds of \$247,900 in fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part I, Operating Budget includes language provisions that direct:

"Emergency Forest Fire Suppression: Not less than \$240,000 of the above General Fund appropriation for each fiscal year shall be set aside for emergency forest fire suppression. There is appropriated from the General Fund the necessary funds, subject to the conditions and procedures provided in this Act, which are required as a result of emergency fire suppression activities in excess of \$240,000. Fire suppression costs in excess of \$240,000 annually shall be deemed necessary government expenses and shall be paid from the General Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705)."

"Tobacco Settlement Funds: Included in the above General Fund (Tobacco) appropriation is \$5,000,000 in fiscal year 2006-2007 and \$6,000,000 in fiscal year 2007-2008 for the Environmental Stewardship Program."

"Maxey Flats Deep Well Monitoring Project: Notwithstanding KRS 149.280(2) and 149.670, in fiscal year 2006-2007 the Division of Forestry shall transfer \$500,000 to the Department of Environmental Protection, Division of Maxey Flats for the Deep Well Monitoring System capital project."

The State/Executive Branch Budget Bill, Part X, Phase I Tobacco Settlement includes a language provision that directs:

"Environmental Stewardship Program: Included in the above General Fund (Tobacco) appropriation is \$5,000,000 in fiscal year 2006-2007 and \$6,000,000 in fiscal year 2007-2008 for the Environmental Stewardship Program."

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Natural Resources

GENERAL ASSEMBLY

The General Assembly concurs with the Branch with the following change:

The General Assembly amends the State/Executive Branch Budget Bill, Part I, Operating Budget, to include the following language provision:

"Environmental Stewardship Program: Included in the above General Fund (Tobacco) appropriation is \$9,000,000 in fiscal year 2006-2007 and \$9,000,000 in fiscal year 2007-2008 for the Environmental Stewardship Program."

F - Environmental and Public Protection Cabinet

Operating Budget

Mine Reclamation and Enforcement

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	9,661,600	9,661,600		10,651,900	10,651,900		10,828,200	10,828,200	
Restricted Funds	4,496,500	4,496,500		3,927,900	3,927,900		3,606,000	3,606,000	
Federal Funds	16,879,500	16,879,500		18,314,400	18,314,400		18,871,500	18,871,500	
Regular Total Funds	31,037,600	31,037,600		32,894,200	32,894,200		33,305,700	33,305,700	
Use of Continuing									
TOTAL FUNDS	31,037,600	31,037,600		32,894,200	32,894,200		33,305,700	33,305,700	
II. EXPENDITURE CATEGORY									
Personnel Costs	24,458,300	24,458,300		26,285,900	26,285,900		26,677,300	26,677,300	
Operating Expenses	3,497,400	3,497,400		3,518,900	3,518,900		3,518,900	3,518,900	
Grants, Loans, Benefits	1,849,400	1,849,400		1,961,900	1,961,900		1,997,000	1,997,000	
Capital Outlay	1,232,500	1,232,500		1,127,500	1,127,500		1,112,500	1,112,500	
TOTAL EXPENDITURES	31,037,600	31,037,600		32,894,200	32,894,200		33,305,700	33,305,700	
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	9,661,600	9,661,600		10,057,300	10,057,300		10,173,400	10,173,400	
Restricted Funds	4,496,500	4,496,500		3,813,700	3,813,700		3,535,500	3,535,500	
Federal Funds	16,879,500	16,879,500		16,827,200	16,827,200		17,361,700	17,361,700	
Regular Total Funds	31,037,600	31,037,600		30,698,200	30,698,200		31,070,600	31,070,600	
Use of Continuing									
TOTAL BASE LEVEL	31,037,600	31,037,600		30,698,200	30,698,200		31,070,600	31,070,600	
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
General Fund				594,600	594,600		654,800	654,800	
Restricted Funds				114,200	114,200		70,500	70,500	
Federal Funds				1,487,200	1,487,200		1,509,800	1,509,800	
TOTAL ADDITIONAL				2,196,000	2,196,000		2,235,100	2,235,100	
V. ADDITIONAL BUDGET ITEMS									
1 GB	Mine Reclamation and Enforcement- Abandoned Mine Lands								
ABR595F0003	Provide funds for six (6) full-time positions. One Secretary, one Engineer, one Engineer Tech, and 3 Inspectors.								
Restricted Funds				2,800	2,800		3,000	3,000	
Federal Funds				253,100	253,100		259,400	259,400	
Project Total				255,900	255,900		262,400	262,400	

F - Environmental and Public Protection Cabinet

Operating Budget

Mine Reclamation and Enforcement

Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
2 GB	Mine Reclamation and Enforcement- Mine Permits							
ABR595F0001	Provide funds for 13 full-time positions to maintain current permitting level of service with increased mining operations.							
General Fund			320,200	320,200		327,600	327,600	
Federal Funds			848,400	848,400		855,700	855,700	
Project Total			1,168,600	1,168,600		1,183,300	1,183,300	
3 GB	Mine Reclamation and Enforcement- Division of Mine Reclamation and Enforcement							
ABR595F0002	Provide funds for 19 full-time mine inspector positions.							
General Fund			274,400	274,400		327,200	327,200	
Restricted Funds			111,400	111,400		67,500	67,500	
Federal Funds			385,700	385,700		394,700	394,700	
Project Total			771,500	771,500		789,400	789,400	
TOTAL ADDITIONAL			2,196,000	2,196,000		2,235,100	2,235,100	

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Mine Reclamation and Enforcement

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State /Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part I, Operating Budget includes a language provision that directs:

"Return of Permit and Acreage Fees: Included in the above General Fund appropriation is \$675,000 in each fiscal year for the return of permit and acreage fees under KRS 350.139. Any required expenditure for this purpose in excess of this amount in either fiscal year is appropriated to the department."

GENERAL ASSEMBLY

The General Assembly concurs with the Branch with the following change:

The General Assembly amends the State/Executive Branch Budget Bill, Part I, Operating Budget, to include the following language provision:

"Surface Coal Mining Permits: The permit block provisions of KRS 350.085(6) shall apply both to surface coal mining and reclamation operations owned or controlled by the applicant, and those operations owning or controlling the applicant. The Environmental and Public Protection Cabinet shall continue in effect the current state administrative regulations regarding ownership and control provided that a due process hearing shall be afforded at the time the Cabinet makes a preliminary determination to impose a permit block.

The Cabinet shall conditionally issue a permit, permit renewal, or authorization to conduct surface coal mining and reclamation operations, if the Cabinet finds that a direct administrative or judicial appeal is presently being pursued, in good faith, to contest the validity of the determination of ownership and control linkage. The Cabinet shall conditionally issue permits where the applicant submits proof, including a settlement agreement, that the violation is being abated to the satisfaction of the issuing state or federal agency. If the initial judicial appeal affirms the ownership or control linkage, the applicant shall have 30 days to submit proof that the violation has been or is in the process of being corrected. Nothing in this section shall preclude the applicant from seeking

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Mine Reclamation and Enforcement

further judicial relief. The reporting requirements of KRS 350.060(3) shall not extend to persons at the level above a publicly traded corporation who own or control the applicant.

The Cabinet shall continue in force the current administrative regulations regarding ownership and control, in a manner consistent with this section, until the Ownership and Control Settlement Rule is finalized, at which time the state program administrative regulations shall be revised to maintain consistency with the federal requirements and shall be submitted as a state program amendment for approval by the federal Office of Surface Mining Reclamation and Enforcement."

F - Environmental and Public Protection Cabinet

Capital Budget

Mine Reclamation and Enforcement

Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference

I. CAPITAL PROJECT RECAP BY FUND SOURCE

General Fund

TOTAL CAPITAL

II. CAPITAL PROJECTS

1 Franklin Co - Lease

PRJ595F0001

General Fund

Project Total

TOTAL CAPITAL

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F - Environmental and Public Protection Cabinet

Operating Budget

Abandoned Mine Land Reclamation Projects

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
Federal Funds	22,000,000	22,000,000		22,000,000	22,000,000		22,000,000	22,000,000	
Regular Total Funds	22,000,000	22,000,000		22,000,000	22,000,000		22,000,000	22,000,000	
Use of Continuing									
TOTAL FUNDS	22,000,000	22,000,000		22,000,000	22,000,000		22,000,000	22,000,000	
II. EXPENDITURE CATEGORY									
Grants, Loans, Benefits	12,300,000	12,300,000		10,500,000	10,500,000		10,500,000	10,500,000	
Construction	9,700,000	9,700,000		11,500,000	11,500,000		11,500,000	11,500,000	
TOTAL EXPENDITURES	22,000,000	22,000,000		22,000,000	22,000,000		22,000,000	22,000,000	
III. BASE LEVEL BUDGET BY FUND SOURCE									
Federal Funds	22,000,000	22,000,000		22,000,000	22,000,000		22,000,000	22,000,000	
Regular Total Funds	22,000,000	22,000,000		22,000,000	22,000,000		22,000,000	22,000,000	
Use of Continuing									
TOTAL BASE LEVEL	22,000,000	22,000,000		22,000,000	22,000,000		22,000,000	22,000,000	

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Abandoned Mine Lands Reclamation Projects

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State /Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part I, Operating Budget includes a language provision that directs:

"Fund Receipt and Expenditures Estimates: The above appropriation represents estimates of the funds to be received and expended for this program. If additional funds become available, the funds are appropriated subject to the conditions and procedures provided in this Act."

GENERAL ASSEMBLY

The General Assembly concurs with the Branch.

F - Environmental and Public Protection Cabinet

Operating Budget

Environmental Quality Commission

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	43,000	43,000							
Restricted Funds	99,000	99,000		266,600	266,600		263,800	263,800	
Regular Total Funds	142,000	142,000		266,600	266,600		263,800	263,800	
Use of Continuing									
TOTAL FUNDS	142,000	142,000		266,600	266,600		263,800	263,800	
II. EXPENDITURE CATEGORY									
Personnel Costs	109,800	109,800		228,300	228,300		231,500	231,500	
Operating Expenses	32,200	32,200		38,300	38,300		32,300	32,300	
TOTAL EXPENDITURES	142,000	142,000		266,600	266,600		263,800	263,800	
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	43,000	43,000							
Restricted Funds	99,000	99,000		92,700	92,700		86,800	86,800	
Regular Total Funds	142,000	142,000		92,700	92,700		86,800	86,800	
Use of Continuing									
TOTAL BASE LEVEL	142,000	142,000		92,700	92,700		86,800	86,800	
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
Restricted Funds				173,900	173,900		177,000	177,000	
TOTAL ADDITIONAL				173,900	173,900		177,000	177,000	
V. ADDITIONAL BUDGET ITEMS									
1 GB Environmental Quality Commission									
ABR3500001 Provide funds for two (2) full-time positions of Executive Director and Environmental Tech.									
Restricted Funds				173,900	173,900		177,000	177,000	
Project Total				173,900	173,900		177,000	177,000	
TOTAL ADDITIONAL				173,900	173,900		177,000	177,000	

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Environmental Quality Commission

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State /Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

GENERAL ASSEMBLY

The General Assembly concurs with the Branch.

F - Environmental and Public Protection Cabinet

Operating Budget

Kentucky Nature Preserves Commission

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	1,007,600	1,007,600		1,091,500	1,166,500	75,000	1,091,500	1,166,500	75,000
Restricted Funds	353,100	353,100		378,900	378,900		402,800	402,800	
Federal Funds	150,400	150,400		55,000	55,000		55,000	55,000	
Regular Total Funds	1,511,100	1,511,100		1,525,400	1,600,400	75,000	1,549,300	1,624,300	75,000
Use of Continuing									
TOTAL FUNDS	1,511,100	1,511,100		1,525,400	1,600,400	75,000	1,549,300	1,624,300	75,000
II. EXPENDITURE CATEGORY									
Personnel Costs	1,211,500	1,211,500		1,249,800	1,324,800	75,000	1,273,700	1,348,700	75,000
Operating Expenses	218,600	218,600		217,300	217,300		217,300	217,300	
Grants, Loans, Benefits	36,000	36,000		32,000	32,000		32,000	32,000	
Capital Outlay				26,300	26,300		26,300	26,300	
Construction	45,000	45,000							
TOTAL EXPENDITURES	1,511,100	1,511,100		1,525,400	1,600,400	75,000	1,549,300	1,624,300	75,000
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	1,007,600	1,007,600		1,091,500	1,091,500		1,091,500	1,091,500	
Restricted Funds	353,100	353,100		378,900	378,900		402,800	402,800	
Federal Funds	150,400	150,400		55,000	55,000		55,000	55,000	
Regular Total Funds	1,511,100	1,511,100		1,525,400	1,525,400		1,549,300	1,549,300	
Use of Continuing									
TOTAL BASE LEVEL	1,511,100	1,511,100		1,525,400	1,525,400		1,549,300	1,549,300	
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
General Fund					75,000	75,000		75,000	75,000
TOTAL ADDITIONAL					75,000	75,000		75,000	75,000
V. ADDITIONAL BUDGET ITEMS									
1 GB Kentucky Nature Preserves Commission									
ABR3750001 Provide funds to support one (1) full-time botanist position.									
General Fund					75,000	75,000		75,000	75,000
Project Total					75,000	75,000		75,000	75,000
TOTAL ADDITIONAL					75,000	75,000		75,000	75,000

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Kentucky Nature Preserves Commission

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State /Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

GENERAL ASSEMBLY

The General Assembly concurs with the Branch with the following change:

The General Assembly provides General Fund support totaling \$75,000 in fiscal year 2006-2007 and \$75,000 in fiscal year 2007-2008 to fill one (1) full-time vacant botanist position.

F - Environmental and Public Protection Cabinet

Operating Budget

Public Protection Commissioner

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
Restricted Funds	1,056,600	1,056,600		1,188,700	1,188,700		1,193,400	1,193,400	
Regular Total Funds	1,056,600	1,056,600		1,188,700	1,188,700		1,193,400	1,193,400	
Use of Continuing									
TOTAL FUNDS	1,056,600	1,056,600		1,188,700	1,188,700		1,193,400	1,193,400	
II. EXPENDITURE CATEGORY									
Personnel Costs	745,900	745,900		811,400	811,400		824,600	824,600	
Operating Expenses	310,700	310,700		342,300	342,300		343,800	343,800	
Capital Outlay				35,000	35,000		25,000	25,000	
TOTAL EXPENDITURES	1,056,600	1,056,600		1,188,700	1,188,700		1,193,400	1,193,400	
III. BASE LEVEL BUDGET BY FUND SOURCE									
Restricted Funds	1,056,600	1,056,600		1,188,700	1,188,700		1,193,400	1,193,400	
Regular Total Funds	1,056,600	1,056,600		1,188,700	1,188,700		1,193,400	1,193,400	
Use of Continuing									
TOTAL BASE LEVEL	1,056,600	1,056,600		1,188,700	1,188,700		1,193,400	1,193,400	
TRANSFERS TO THE GENERAL FUND									
Public Protection Commissioner									
Agency Revenue Fund	400,000	400,000		175,000	175,000		150,000	150,000	
TOTAL	400,000	400,000		175,000	175,000		150,000	150,000	

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Public Protection Commissioner

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State /Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part V, Funds Transfer, includes a transfer from the Office of the Commissioner, Restricted Funds of \$400,000 in fiscal year 2005-2006, \$175,000 in fiscal year 2006-2007, and \$150,000 in fiscal year 2007-2008.

GENERAL ASSEMBLY

The General Assembly concurs with the Branch.

F - Environmental and Public Protection Cabinet

Operating Budget

Boxing and Wrestling Authority

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
Restricted Funds	100,000	100,000		100,000	100,000		100,000	100,000	
Regular Total Funds	100,000	100,000		100,000	100,000		100,000	100,000	
Use of Continuing									
TOTAL FUNDS	100,000	100,000		100,000	100,000		100,000	100,000	
II. EXPENDITURE CATEGORY									
Personnel Costs	62,900	62,900		92,800	92,800		92,800	92,800	
Operating Expenses	37,100	37,100		7,200	7,200		7,200	7,200	
TOTAL EXPENDITURES	100,000	100,000		100,000	100,000		100,000	100,000	
III. BASE LEVEL BUDGET BY FUND SOURCE									
Restricted Funds	100,000	100,000		100,000	100,000		100,000	100,000	
Regular Total Funds	100,000	100,000		100,000	100,000		100,000	100,000	
Use of Continuing									
TOTAL BASE LEVEL	100,000	100,000		100,000	100,000		100,000	100,000	

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Boxing and Wrestling Authority

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State /Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

GENERAL ASSEMBLY

The General Assembly concurs with the Branch.

F - Environmental and Public Protection Cabinet

Operating Budget

Petroleum Storage Tank Environmental Assurance Fund

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund							3,479,000	3,479,000	
Restricted Funds	29,069,400	29,069,400		29,164,500	29,164,500		29,277,700	29,277,700	
Regular Total Funds	29,069,400	29,069,400		29,164,500	29,164,500		32,756,700	32,756,700	
Use of Continuing									
TOTAL FUNDS	29,069,400	29,069,400		29,164,500	29,164,500		32,756,700	32,756,700	
II. EXPENDITURE CATEGORY									
Personnel Costs	3,215,700	3,215,700		3,317,600	3,317,600		3,430,400	3,430,400	
Operating Expenses	25,353,700	25,353,700		25,346,900	25,346,900		25,347,300	25,347,300	
Debt Service							3,479,000	3,479,000	
Construction	500,000	500,000		500,000	500,000		500,000	500,000	
TOTAL EXPENDITURES	29,069,400	29,069,400		29,164,500	29,164,500		32,756,700	32,756,700	
III. BASE LEVEL BUDGET BY FUND SOURCE									
Restricted Funds	29,069,400	29,069,400		29,164,500	29,164,500		29,277,700	29,277,700	
Regular Total Funds	29,069,400	29,069,400		29,164,500	29,164,500		29,277,700	29,277,700	
Use of Continuing									
TOTAL BASE LEVEL	29,069,400	29,069,400		29,164,500	29,164,500		29,277,700	29,277,700	
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
General Fund							3,479,000	3,479,000	
TOTAL ADDITIONAL							3,479,000	3,479,000	
V. ADDITIONAL BUDGET ITEMS									
1 NEW Debt Service									
ABR590P0001 Provide funds to pay debt service for \$25 million bond.									
General Fund							3,479,000	3,479,000	
Project Total							3,479,000	3,479,000	
TOTAL ADDITIONAL							3,479,000	3,479,000	

TRANSFERS TO THE GENERAL FUND

Petroleum Storage Tank Environmental Assurance Fund

FB 2006-2008 FINAL BUDGET MEMORANDUM - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY

F - Environmental and Public Protection Cabinet

Operating Budget

Petroleum Storage Tank Environmental Assurance Fund

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
TRANSFERS TO THE GENERAL FUND									
Insurance Administration	626,500	626,500		41,997,300	41,997,300		17,564,100	17,564,100	
Fund									
(KRS 224.60-140, 224.60-145 and 224.60-150)									
TOTAL	626,500	626,500		41,997,300	41,997,300		17,564,100	17,564,100	

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Petroleum Storage Tank Environmental Assurance Fund

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State /Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part V, Funds Transfer, includes a transfer from Petroleum Storage Tank Environmental Assurance Fund, Restricted Funds of \$625,500 in fiscal year 2005-2006, \$41,997,300 in fiscal year 2006-2007, and \$17,564,100 in fiscal year 2007-2008.

The State/Executive Branch Budget Bill, Part I, Operating Budget includes language provisions that direct:

"Debt Service: Included in the above General Fund appropriation in fiscal year 2007-2008 is \$3,479,000 for debt service for new bonds as set forth in Part II, Capital Projects Budget, of this Act. Included in the above Restricted Funds appropriation in fiscal year 2006-2007 is \$25,000,000 for underground storage tank fund payments from new bonds as set forth in Part II, Capital Projects Budget, of this Act."

"Financial Responsibility Account: Any Restricted Funds receipts generated by the Petroleum Storage Tank Assurance Fund in fiscal year 2006-2007 in excess of the amounts appropriated above shall be allocated to the Financial Responsibility Account to help ensure that the agency meets its reserve balance requirements in fiscal year 2007-2008."

GENERAL ASSEMBLY

The General Assembly concurs with the Branch.

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F - Environmental and Public Protection Cabinet

Capital Budget

Petroleum Storage Tank Environmental Assurance Fund

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. CAPITAL PROJECT RECAP BY FUND SOURCE									
Bond Funds				25,000,000	25,000,000				
TOTAL CAPITAL				25,000,000	25,000,000				
II. CAPITAL PROJECTS									
1	Petroleum Storage Tank Env Assurance Fund								
PRJ590P0001									
Bond Funds				25,000,000	25,000,000				
Project Total				25,000,000	25,000,000				
TOTAL CAPITAL				25,000,000	25,000,000				

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F - Environmental and Public Protection Cabinet

Operating Budget

Alcoholic Beverage Control

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	1,441,400	1,441,400		1,441,400	1,441,400		1,058,600	1,058,600	
Restricted Funds	3,529,300	3,529,300		3,577,800	3,577,800		4,131,600	4,131,600	
Regular Total Funds	4,970,700	4,970,700		5,019,200	5,019,200		5,190,200	5,190,200	
Use of Continuing									
TOTAL FUNDS	4,970,700	4,970,700		5,019,200	5,019,200		5,190,200	5,190,200	
II. EXPENDITURE CATEGORY									
Personnel Costs	4,195,600	4,195,600		4,196,900	4,196,900		4,281,300	4,281,300	
Operating Expenses	775,100	775,100		822,300	822,300		908,900	908,900	
TOTAL EXPENDITURES	4,970,700	4,970,700		5,019,200	5,019,200		5,190,200	5,190,200	
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	1,441,400	1,441,400		1,441,400	1,441,400		1,058,600	1,058,600	
Restricted Funds	3,529,300	3,529,300		3,577,800	3,577,800		4,131,600	4,131,600	
Regular Total Funds	4,970,700	4,970,700		5,019,200	5,019,200		5,190,200	5,190,200	
Use of Continuing									
TOTAL BASE LEVEL	4,970,700	4,970,700		5,019,200	5,019,200		5,190,200	5,190,200	
TRANSFERS TO THE GENERAL FUND									
Alcoholic Beverage Control									
Agency Revenue Fund (KRS 243.025)	3,011,700	3,011,700		836,200	836,200		457,600	457,600	
TOTAL	3,011,700	3,011,700		836,200	836,200		457,600	457,600	

**Fiscal Biennium 2006-2008
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Alcoholic Beverage Control

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State /Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part V, Funds Transfer, includes a transfer from the Office of Alcoholic Beverage Control, Restricted Funds of \$3,011,700 in fiscal year 2005-2006, \$836,200 in fiscal year 2006-2007, and \$457,600 in fiscal year 2007-2008.

The State/Executive Branch Budget Bill, Part I, Operating Budget includes a language provision that directs:

"Sale and Distribution of Tobacco Products Enforcement: Included in the above General Fund appropriation is \$250,000 in fiscal year 2006-2007 and \$250,000 in fiscal year 2007-2008 to carry out the provisions of KRS 438.337."

GENERAL ASSEMBLY

The General Assembly concurs with the Branch.

F - Environmental and Public Protection Cabinet

Operating Budget

Charitable Gaming

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
Restricted Funds	2,932,800	2,932,800		3,299,600	3,299,600		3,343,200	3,343,200	
Regular Total Funds	2,932,800	2,932,800		3,299,600	3,299,600		3,343,200	3,343,200	
Use of Continuing									
TOTAL FUNDS	2,932,800	2,932,800		3,299,600	3,299,600		3,343,200	3,343,200	
II. EXPENDITURE CATEGORY									
Personnel Costs	2,392,500	2,392,500		2,576,700	2,576,700		2,620,300	2,620,300	
Operating Expenses	540,300	540,300		722,900	722,900		722,900	722,900	
TOTAL EXPENDITURES	2,932,800	2,932,800		3,299,600	3,299,600		3,343,200	3,343,200	
III. BASE LEVEL BUDGET BY FUND SOURCE									
Restricted Funds	2,932,800	2,932,800		3,299,600	3,299,600		3,343,200	3,343,200	
Regular Total Funds	2,932,800	2,932,800		3,299,600	3,299,600		3,343,200	3,343,200	
Use of Continuing									
TOTAL BASE LEVEL	2,932,800	2,932,800		3,299,600	3,299,600		3,343,200	3,343,200	
TRANSFERS TO THE GENERAL FUND									
Charitable Gaming									
Agency Revenue Fund (KRS 238.570(2))	1,100,000	1,100,000							
TOTAL	1,100,000	1,100,000							

**Fiscal Biennium 2006-2008
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Charitable Gaming

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State /Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part V, Funds Transfer, includes a transfer from the Office of Charitable Gaming, Restricted Funds of \$1,100,000 in fiscal year 2005-2006.

GENERAL ASSEMBLY

The General Assembly concurs with the Branch.

F - Environmental and Public Protection Cabinet

Operating Budget

Board of Claims/Crime Victims Compensation

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	848,000	848,000		848,000	848,000		848,000	848,000	
Restricted Funds	2,101,100	2,101,100		2,119,200	2,119,200		1,997,400	1,997,400	
Federal Funds	540,100	540,100		540,100	540,100		540,100	540,100	
Regular Total Funds	3,489,200	3,489,200		3,507,300	3,507,300		3,385,500	3,385,500	
Use of Continuing	(88,000)	(88,000)		44,000	44,000		44,000	44,000	
TOTAL FUNDS	3,401,200	3,401,200		3,551,300	3,551,300		3,429,500	3,429,500	
II. EXPENDITURE CATEGORY									
Personnel Costs	1,051,200	1,051,200		1,123,900	1,123,900		1,140,900	1,140,900	
Operating Expenses	2,131,000	2,131,000		2,183,400	2,183,400		2,044,600	2,044,600	
Grants, Loans, Benefits	219,000	219,000		244,000	244,000		244,000	244,000	
TOTAL EXPENDITURES	3,401,200	3,401,200		3,551,300	3,551,300		3,429,500	3,429,500	
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	848,000	848,000		848,000	848,000		848,000	848,000	
Restricted Funds	2,101,100	2,101,100		1,987,200	1,987,200		1,997,400	1,997,400	
Federal Funds	540,100	540,100		540,100	540,100		540,100	540,100	
Regular Total Funds	3,489,200	3,489,200		3,375,300	3,375,300		3,385,500	3,385,500	
Use of Continuing	(88,000)	(88,000)		44,000	44,000		44,000	44,000	
TOTAL BASE LEVEL	3,401,200	3,401,200		3,419,300	3,419,300		3,429,500	3,429,500	
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
Restricted Funds				132,000	132,000				
TOTAL ADDITIONAL				132,000	132,000				
V. ADDITIONAL BUDGET ITEMS									
1 NEW Board of Claims/Crime Victims Compensation									
ABR695R0002 Provide funds to pay for forensic exams for sexual assault victims.									
Restricted Funds				132,000	132,000				
Project Total				132,000	132,000				
TOTAL ADDITIONAL				132,000	132,000				

**Fiscal Biennium 2006-2008
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Claims/Crime Victims' Compensation

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State /Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

GENERAL ASSEMBLY

The General Assembly concurs with the Branch with the following change:

The General Assembly amends the State/Executive Branch Budget Bill, Part I, Operating Budget, to include the following language provision:

"Sexual Assault Examinations: Notwithstanding KRS 216B.400(8), examinations for reported victims of sexual assault shall be paid by the Crime Victims' Compensation Board in a manner consistent with KRS Chapter 346, at a rate determined by the Board. The Board shall reimburse the hospital or sexual assault examination facility as provided in administrative regulations promulgated by the Board."

F - Environmental and Public Protection Cabinet

Operating Budget

Financial Institutions

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
Restricted Funds	7,568,600	7,568,600		9,223,800	9,223,800		9,342,200	9,342,200	
Regular Total Funds	7,568,600	7,568,600		9,223,800	9,223,800		9,342,200	9,342,200	
Use of Continuing									
TOTAL FUNDS	7,568,600	7,568,600		9,223,800	9,223,800		9,342,200	9,342,200	
II. EXPENDITURE CATEGORY									
Personnel Costs	5,633,700	5,633,700		6,777,400	6,777,400		6,913,200	6,913,200	
Operating Expenses	1,854,900	1,854,900		2,416,400	2,416,400		2,429,000	2,429,000	
Capital Outlay	80,000	80,000		30,000	30,000				
TOTAL EXPENDITURES	7,568,600	7,568,600		9,223,800	9,223,800		9,342,200	9,342,200	
III. BASE LEVEL BUDGET BY FUND SOURCE									
Restricted Funds	7,568,600	7,568,600		8,545,800	8,545,800		8,594,200	8,594,200	
Regular Total Funds	7,568,600	7,568,600		8,545,800	8,545,800		8,594,200	8,594,200	
Use of Continuing									
TOTAL BASE LEVEL	7,568,600	7,568,600		8,545,800	8,545,800		8,594,200	8,594,200	
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
Restricted Funds				678,000	678,000		748,000	748,000	
TOTAL ADDITIONAL				678,000	678,000		748,000	748,000	
V. ADDITIONAL BUDGET ITEMS									
1 GB Financial Institutions- Division of Securities									
ABR695G0004 Provide funds for two (2) full-time positions.									
Restricted Funds				128,000	128,000		148,000	148,000	
Project Total				128,000	128,000		148,000	148,000	
2 EXPAN Financial Institutions- Division of Financial Institutions									
ABR695G0002 Provide funds for ten (10) full-time positions.									
Restricted Funds				550,000	550,000		600,000	600,000	
Project Total				550,000	550,000		600,000	600,000	
TOTAL ADDITIONAL				678,000	678,000		748,000	748,000	

TRANSFERS TO THE GENERAL FUND

Financial Institutions

FB 2006-2008 FINAL BUDGET MEMORANDUM - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY

F - Environmental and Public Protection Cabinet

Operating Budget

Financial Institutions

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
TRANSFERS TO THE GENERAL FUND									
Agency Revenue Fund (KRS 287.485)	3,295,100	3,295,100		1,851,300	1,851,300		1,900,900	1,900,900	
TOTAL	3,295,100	3,295,100		1,851,300	1,851,300		1,900,900	1,900,900	

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Financial Institutions

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part III, General Provisions, includes the following language provision:

"Abandoned Property Held by Financial Institutions: Notwithstanding KRS 393.060, the dormancy period for property held or owing by a banking or financial institution, other than traveler's checks, shall be three years rather than seven years."

The State /Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part V, Funds Transfer, includes a transfer from the Office of Financial Institutions, Restricted Funds of \$3,295,100 in fiscal year 2005-2006, \$1,851,300 in fiscal year 2006-2007, and \$1,900,900 in fiscal year 2007-2008.

GENERAL ASSEMBLY

The General Assembly concurs with the Branch.

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F - Environmental and Public Protection Cabinet

Operating Budget

Horse Racing Authority

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	509,700	509,700		509,700	1,709,700	1,200,000	509,700	509,700	
Restricted Funds	28,504,800	28,504,800		27,934,800	27,934,800		27,778,100	27,778,100	
Regular Total Funds	29,014,500	29,014,500		28,444,500	29,644,500	1,200,000	28,287,800	28,287,800	
Use of Continuing									
TOTAL FUNDS	29,014,500	29,014,500		28,444,500	29,644,500	1,200,000	28,287,800	28,287,800	
II. EXPENDITURE CATEGORY									
Personnel Costs	2,419,200	2,419,200		2,221,700	2,221,700		2,086,700	2,086,700	
Operating Expenses	1,622,100	1,622,100		1,537,300	2,737,300	1,200,000	1,515,600	1,515,600	
Grants, Loans, Benefits	24,973,200	24,973,200		24,685,500	24,685,500		24,685,500	24,685,500	
TOTAL EXPENDITURES	29,014,500	29,014,500		28,444,500	29,644,500	1,200,000	28,287,800	28,287,800	
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	509,700	509,700		509,700	1,709,700	1,200,000	509,700	509,700	
Restricted Funds	28,504,800	28,504,800		27,934,800	27,934,800		27,778,100	27,778,100	
Regular Total Funds	29,014,500	29,014,500		28,444,500	29,644,500	1,200,000	28,287,800	28,287,800	
Use of Continuing									
TOTAL BASE LEVEL	29,014,500	29,014,500		28,444,500	29,644,500	1,200,000	28,287,800	28,287,800	

**Fiscal Biennium 2006-2008
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Horse Racing Authority

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State /Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

GENERAL ASSEMBLY

The General Assembly concurs with the Branch with the following change:

The General Assembly adds the following Part I, Operating Budget, language provisions:

"Prohibition of Racing Dates Fee and Assessments: The Horse Racing Authority is prohibited from imposing a fee or assessment on thoroughbred and standardbred race tracks, based on the number of racing dates allotted to each track."

"Management and Financial Audit: A management and financial audit shall be conducted by the Auditor of Public Accounts and shall be completed by December 31, 2006. A report shall be provided to the Interim Joint Committee on Licensing and Occupations and the racing associations licensed pursuant to KRS Chapter 230."

The Governor of the Commonwealth vetoes, the following Part I, Operating Budget, language provisions:

Partial Veto #9 of HB 380 - *"I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky Constitution, do hereby veto the following part:*

Page 77, lines 24 through 26, in their entirety

This part imposes a moratorium on the assessments paid by Kentucky thoroughbred and standardbred race tracks to the Horse Racing Authority for each live-day of racing for the 2006-2008 biennium. The receipts from these assessments represent approximately \$1 million of the Authority's Restricted Funds appropriations each year. I am vetoing this part because the funds generated from the assessments are required to support the appropriations enacted in House Bill 380, which finance all of the

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Horse Racing Authority

Authority's statutory activities in fiscal year 2007-2008. I am reserving the option of imposing or suspending the assessments for fiscal year 2006-2007 because House Bill 380 provided an alternative source of funding for that year."

ADDITIONAL ACTIONS OF THE GENERAL ASSEMBLY

House Bill 557, Section (54), provides the following:

"On page 77 of 2006 Regular Session HB 380/EN after line 23 insert the following:

'(1) Included in the above General Fund appropriation is \$1,200,000 in fiscal year 2006-2007 which shall be used to replace revenue previously raised through assessments.'"

House Bill 557, Section (55), provides the following:

"On page 77 line 24 of 2006 Regular Session HB 380/EN delete the '(1)' and insert in lieu thereof '(2)', and on line 25, delete 'a fee or' and insert in lieu thereof 'any' and after 'assessment' insert 'or new fee' and on line 26, place a '.' after 'tracks' and delete the remainder of the sentence, and on line 27 delete the '(2)' and insert in lieu thereof '(3)'. "

Partial Veto #2 of HB 557 - *"I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky Constitution, do hereby veto the following part:*

Page 43, lines 22 through 27, in their entirety.

Page 44, lines 1 through 4, in their entirety.

This part amends parts of House Bill 380 which I simultaneously have vetoed, rendering this vetoed part of House Bill 557 superfluous."

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F - Environmental and Public Protection Cabinet

Operating Budget

Housing, Buildings and Construction

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	2,380,900	2,380,900		2,524,200	2,524,200		2,524,200	2,524,200	
Restricted Funds	13,134,300	13,134,300		15,867,900	15,867,900		16,158,900	16,158,900	
Federal Funds	6,000	6,000							
Regular Total Funds	15,521,200	15,521,200		18,392,100	18,392,100		18,683,100	18,683,100	
Use of Continuing									
TOTAL FUNDS	15,521,200	15,521,200		18,392,100	18,392,100		18,683,100	18,683,100	
II. EXPENDITURE CATEGORY									
Personnel Costs	12,470,500	12,470,500		15,236,600	15,236,600		15,525,300	15,525,300	
Operating Expenses	3,050,700	3,050,700		3,155,500	3,155,500		3,157,800	3,157,800	
TOTAL EXPENDITURES	15,521,200	15,521,200		18,392,100	18,392,100		18,683,100	18,683,100	
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	2,380,900	2,380,900		1,402,300	1,402,300		1,374,900	1,374,900	
Restricted Funds	13,134,300	13,134,300		13,297,600	13,297,600		13,581,000	13,581,000	
Federal Funds	6,000	6,000							
Regular Total Funds	15,521,200	15,521,200		14,699,900	14,699,900		14,955,900	14,955,900	
Use of Continuing									
TOTAL BASE LEVEL	15,521,200	15,521,200		14,699,900	14,699,900		14,955,900	14,955,900	
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
General Fund				1,121,900	1,121,900		1,149,300	1,149,300	
Restricted Funds				2,570,300	2,570,300		2,577,900	2,577,900	
TOTAL ADDITIONAL				3,692,200	3,692,200		3,727,200	3,727,200	
V. ADDITIONAL BUDGET ITEMS									
1 GB Housing Buildings and Construction- Fire Prevention									
ABR695P0002 Provide funds for twenty-six (26) full-time positions.									
General Fund				1,121,900	1,121,900		1,149,300	1,149,300	
Restricted Funds				170,500	170,500		181,600	181,600	
Project Total				1,292,400	1,292,400		1,330,900	1,330,900	
2 GB Housing Buildings and Construction- Plumbing									
ABR695P0003 Provide funds for twenty-five (25) full-time positions to reduce plumbing inspection backlog.									
Restricted Funds				1,702,600	1,702,600		1,707,600	1,707,600	
Project Total				1,702,600	1,702,600		1,707,600	1,707,600	

F - Environmental and Public Protection Cabinet

Operating Budget

Housing, Buildings and Construction

Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
3 GB	Housing Buildings and Construction- Building Codes Enforcement							
ABR695P0005	Provide funds for nine (9) full-time positions to reduce the time needed to issue building permits.							
Restricted Funds			506,800	506,800		499,900	499,900	
Project Total			506,800	506,800		499,900	499,900	
4 GB	Housing Buildings and Construction- HVAC							
ABR695P0004	Provide funds for three (3) full-time HVAC inspector positions.							
Restricted Funds			190,400	190,400		188,800	188,800	
Project Total			190,400	190,400		188,800	188,800	
TOTAL ADDITIONAL			3,692,200	3,692,200		3,727,200	3,727,200	

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Housing, Buildings and Construction

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State /Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part I, Operating Budget includes a language provision that directs:

"Funding Flexibility: Notwithstanding KRS 198B.090, 198B.095(2), 198B.615, 198B.676(2), 227.620(5), 227A.050(1), 236.130(3), and 318.136, the Office of Housing, Buildings and Construction may expend Restricted Funds for programs administered by the Office."

GENERAL ASSEMBLY

The General Assembly concurs with the Branch with the following change:

The General Assembly amends the State/Executive Branch Budget Bill, Part I, Operating Budget, to delete the following language provision:

"Funding Flexibility: Notwithstanding KRS 198B.090, 198B.095(2), 198B.615, 198B.676(2), 227.620(5), 227A.050(1), 236.130(3), and 318.136, the Office of Housing, Buildings and Construction may expend Restricted Funds for programs administered by the Office."

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F - Environmental and Public Protection Cabinet

Capital Budget

Housing, Buildings and Construction

Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference

I. CAPITAL PROJECT RECAP BY FUND SOURCE

General Fund

TOTAL CAPITAL

II. CAPITAL PROJECTS

1 101 Sea Hero Road Suite 100

PRJ695P1496

General Fund

Project Total

TOTAL CAPITAL

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F - Environmental and Public Protection Cabinet

Operating Budget

Insurance

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund (Tobacco)	15,612,600	15,612,600		13,692,700	13,692,700		14,496,000	14,496,000	
General Fund				6,500,000	6,500,000		13,500,000	13,500,000	
Restricted Funds	21,883,600	21,883,600		22,043,800	22,110,700	66,900	22,250,200	22,318,000	67,800
Regular Total Funds	37,496,200	37,496,200		42,236,500	42,303,400	66,900	50,246,200	50,314,000	67,800
Use of Continuing									
TOTAL FUNDS	37,496,200	37,496,200		42,236,500	42,303,400	66,900	50,246,200	50,314,000	67,800
II. EXPENDITURE CATEGORY									
Personnel Costs	33,817,700	33,817,700		32,013,600	32,080,500	66,900	32,985,200	33,053,000	67,800
Operating Expenses	3,678,500	3,678,500		3,722,900	3,722,900		3,761,000	3,761,000	
Grants, Loans, Benefits				6,500,000	6,500,000		13,500,000	13,500,000	
TOTAL EXPENDITURES	37,496,200	37,496,200		42,236,500	42,303,400	66,900	50,246,200	50,314,000	67,800
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund (Tobacco)	15,612,600	15,612,600		13,692,700	13,692,700		14,496,000	14,496,000	
Restricted Funds	21,883,600	21,883,600		22,043,800	22,043,800		22,250,200	22,250,200	
Regular Total Funds	37,496,200	37,496,200		35,736,500	35,736,500		36,746,200	36,746,200	
Use of Continuing									
TOTAL BASE LEVEL	37,496,200	37,496,200		35,736,500	35,736,500		36,746,200	36,746,200	
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
General Fund				6,500,000	6,500,000		13,500,000	13,500,000	
Restricted Funds					66,900	66,900		67,800	67,800
TOTAL ADDITIONAL				6,500,000	6,566,900	66,900	13,500,000	13,567,800	67,800
V. ADDITIONAL BUDGET ITEMS									
1 NEW Insurance - Small Business Health Insurance Subsidy Program									
ABR695D0012	Provide funds to support the expenditures of the Small Business Health Insurance Subsidy Program.								
General Fund				6,500,000	6,500,000		13,500,000	13,500,000	
Project Total				6,500,000	6,500,000		13,500,000	13,500,000	
2 EXPAN Insurance - Division of Financial Standards and Examination									
ABR695D0006	Provide funds to fill one position in the Captive Insurance Program.								
Restricted Funds					66,900	66,900		67,800	67,800
Project Total					66,900	66,900		67,800	67,800

F - Environmental and Public Protection Cabinet

Operating Budget

Insurance

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
TOTAL ADDITIONAL				6,500,000	6,566,900	66,900	13,500,000	13,567,800	67,800

TRANSFERS TO THE GENERAL FUND**Insurance**

Agency Revenue Fund (KRS 304.2-300, 304.2-400 and 304.2-440)	8,659,700	8,659,700		9,000,000	9,000,000		10,750,000	10,750,000	
TOTAL	8,659,700	8,659,700		9,000,000	9,000,000		10,750,000	10,750,000	

**Fiscal Biennium 2006-2008
Budget Modification Report**

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Insurance

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part V, Funds Transfer, includes a transfer from the Office of Insurance, Restricted Funds of \$8,659,700 in fiscal year 2005-2006, \$9,000,000 in fiscal year 2006-2007, and \$10,750,000 in fiscal year 2007-2008.

The State/Executive Branch Budget Bill, Part I, Operating Budget includes language provisions that direct:

"Tobacco Settlement Funds: Included in the above General Fund (Tobacco) appropriation is \$13,692,700 in fiscal year 2006-2007 and \$14,496,000 in fiscal year 2007-2008 for the Kentucky Access Program."

"Kentucky Access: Notwithstanding KRS 304.17B-021, during the 2006-2008 biennium, the Secretary of the Environmental and Public Protection Cabinet may seek authorization from the State Budget Director to reallocate excess unbudgeted operating funds generated by the Office of Insurance to Kentucky Access. Any such funding reallocations that are approved by the State Budget Director shall be reported to the Interim Joint Committee on Appropriations and Revenue consistent with the provisions of this Act."

"Small Business Health Insurance: Included in the above General Fund appropriation is \$6,500,000 in fiscal year 2006-2007 and \$13,500,000 in fiscal year 2007-2008 to fund the Small Business Health Insurance Subsidy Program."

The State/Executive Branch Budget Bill, Part X, Phase 1 Tobacco Settlement, includes a language provision that directs:

"Kentucky Access Program: Included in the above General Fund (Tobacco) appropriation is \$13,692,700 in fiscal year 2006-2007 and \$14,496,000 in fiscal year 2007-2008 for the Kentucky Access Program."

**Fiscal Biennium 2006-2008
Budget Modification Report**

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Insurance

GENERAL ASSEMBLY

The General Assembly concurs with the Branch with the following change:

The General Assembly amends the Branch Budget, Part I, Operating Budget, to include the following language provision:

"Additional Personnel: Included in the above Restricted Funds appropriation is \$66,900 in fiscal year 2006-2007 and \$67,800 in fiscal year 2007-2008 to fill one position in the Captive Insurance Program."

F - Environmental and Public Protection Cabinet

Capital Budget

Insurance

Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference

I. CAPITAL PROJECT RECAP BY FUND SOURCE

Restricted Funds

TOTAL CAPITAL

II. CAPITAL PROJECTS

1 Franklin County - Lease

PRJ695D0001

Restricted Funds

Project Total

TOTAL CAPITAL

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F - Environmental and Public Protection Cabinet

Operating Budget

Mine Safety Review Commission

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	198,500	198,500		200,700	200,700		202,400	202,400	
Regular Total Funds	198,500	198,500		200,700	200,700		202,400	202,400	
Use of Continuing									
TOTAL FUNDS	198,500	198,500		200,700	200,700		202,400	202,400	
II. EXPENDITURE CATEGORY									
Personnel Costs	171,700	171,700		173,400	173,400		175,100	175,100	
Operating Expenses	26,800	26,800		27,300	27,300		27,300	27,300	
TOTAL EXPENDITURES	198,500	198,500		200,700	200,700		202,400	202,400	
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	198,500	198,500		200,700	200,700		202,400	202,400	
Regular Total Funds	198,500	198,500		200,700	200,700		202,400	202,400	
Use of Continuing									
TOTAL BASE LEVEL	198,500	198,500		200,700	200,700		202,400	202,400	

**Fiscal Biennium 2006-2008
Budget Modification Report**

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Mine Safety Review Commission

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

GENERAL ASSEMBLY

The General Assembly concurs with the Branch.

F - Environmental and Public Protection Cabinet

Operating Budget

Mine Safety and Licensing

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	9,460,200	9,460,200		9,522,600	9,522,600		9,522,600	9,522,600	
Restricted Funds	261,000	261,000		1,437,200	1,437,200		1,635,900	1,635,900	
Federal Funds	980,500	980,500		581,100	581,100		581,100	581,100	
Regular Total Funds	10,701,700	10,701,700		11,540,900	11,540,900		11,739,600	11,739,600	
Use of Continuing									
TOTAL FUNDS	10,701,700	10,701,700		11,540,900	11,540,900		11,739,600	11,739,600	
II. EXPENDITURE CATEGORY									
Personnel Costs	8,836,600	8,836,600		9,408,400	9,408,400		9,605,500	9,605,500	
Operating Expenses	1,805,100	1,805,100		2,069,500	2,069,500		2,069,500	2,069,500	
Capital Outlay	60,000	60,000		63,000	63,000		64,600	64,600	
TOTAL EXPENDITURES	10,701,700	10,701,700		11,540,900	11,540,900		11,739,600	11,739,600	
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	9,460,200	9,460,200		9,099,700	9,099,700		9,087,300	9,087,300	
Restricted Funds	261,000	261,000		1,437,200	1,437,200		1,635,900	1,635,900	
Federal Funds	980,500	980,500		581,100	581,100		581,100	581,100	
Regular Total Funds	10,701,700	10,701,700		11,118,000	11,118,000		11,304,300	11,304,300	
Use of Continuing									
TOTAL BASE LEVEL	10,701,700	10,701,700		11,118,000	11,118,000		11,304,300	11,304,300	
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
General Fund				422,900	422,900		435,300	435,300	
TOTAL ADDITIONAL				422,900	422,900		435,300	435,300	
V. ADDITIONAL BUDGET ITEMS									
1 GB	Mine Safety and Licensing - Office of Safety Inspection and Licensing								
ABR595E0003	Provide funds to fill five inspection positions.								
General Fund				235,100	235,100		241,100	241,100	
Project Total				235,100	235,100		241,100	241,100	
2 GB	Mine Safety and Licensing - Office of Safety Analysis, Training and Certification								
ABR595E0001	Provide funds to fill four safety analysis positions and purchase two vehicles.								
General Fund				187,800	187,800		194,200	194,200	
Project Total				187,800	187,800		194,200	194,200	

FB 2006-2008 FINAL BUDGET MEMORANDUM - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY**F - Environmental and Public Protection Cabinet****Operating Budget****Mine Safety and Licensing**

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
TOTAL ADDITIONAL				422,900	422,900		435,300	435,300	

**Fiscal Biennium 2006-2008
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Mine Safety and Licensing

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part I, Operating Budget includes a language provision that directs:

"Coal Workers' Pneumoconiosis Fund: Included in the above Restricted Funds appropriation is \$952,000 in fiscal year 2006-2007 and \$952,000 in fiscal year 2007-2008 to support compliance, education, and training programs from the Coal Workers' Pneumoconiosis Fund."

GENERAL ASSEMBLY

The General Assembly concurs with the Branch with the following change:

The General Assembly adds a Part I, Operating Budget, language provision as follows:

"Necessary Mine Inspection Funding: To adequately fund mine inspection salaries beyond the personnel appropriation during the biennium, up to \$750,000 in each fiscal year shall be deemed a necessary government expense and transferred from the General Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705). These funds shall be transferred only upon certification of need by the Secretary of the Environmental and Public Protection Cabinet to the Secretary of the Finance and Administration Cabinet."

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F - Environmental and Public Protection Cabinet

Operating Budget

Public Service Commission

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	6,295,600	6,295,600		12,624,800	12,624,800		13,006,000	13,006,000	
Restricted Funds	1,024,000	1,024,000		850,000	850,000		850,000	850,000	
Federal Funds	206,700	206,700		216,000	216,000		218,300	218,300	
Regular Total Funds	7,526,300	7,526,300		13,690,800	13,690,800		14,074,300	14,074,300	
Use of Continuing	2,261,700	2,261,700							
TOTAL FUNDS	9,788,000	9,788,000		13,690,800	13,690,800		14,074,300	14,074,300	
II. EXPENDITURE CATEGORY									
Personnel Costs	8,040,000	8,040,000		9,869,400	9,869,400		10,128,700	10,128,700	
Operating Expenses	1,090,800	1,090,800		3,177,200	3,177,200		3,319,800	3,319,800	
Debt Service	589,000	589,000		589,000	589,000		589,000	589,000	
Capital Outlay	68,200	68,200		55,200	55,200		36,800	36,800	
TOTAL EXPENDITURES	9,788,000	9,788,000		13,690,800	13,690,800		14,074,300	14,074,300	
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	6,295,600	6,295,600		11,999,000	11,999,000		12,343,300	12,343,300	
Restricted Funds	1,024,000	1,024,000		850,000	850,000		850,000	850,000	
Federal Funds	206,700	206,700		216,000	216,000		218,300	218,300	
Regular Total Funds	7,526,300	7,526,300		13,065,000	13,065,000		13,411,600	13,411,600	
Use of Continuing	2,261,700	2,261,700							
TOTAL BASE LEVEL	9,788,000	9,788,000		13,065,000	13,065,000		13,411,600	13,411,600	
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
General Fund				625,800	625,800		662,700	662,700	
TOTAL ADDITIONAL				625,800	625,800		662,700	662,700	
V. ADDITIONAL BUDGET ITEMS									
1 GB Public Service Commission - Division of Financial Analysis									
ABR695F0002 Provide funds to fill two positions.									
General Fund				113,300	113,300		120,200	120,200	
Project Total				113,300	113,300		120,200	120,200	
2 GB Public Service Commission - Commission Operations									
ABR695F0001 Provide funds to fill seven positions.									
General Fund				512,500	512,500		542,500	542,500	
Project Total				512,500	512,500		542,500	542,500	

FB 2006-2008 FINAL BUDGET MEMORANDUM - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY**F - Environmental and Public Protection Cabinet****Operating Budget****Public Service Commission**

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
TOTAL ADDITIONAL				625,800	625,800		662,700	662,700	

**Fiscal Biennium 2006-2008
Budget Modification Report**

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Public Service Commission

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part I, Operating Budget includes language provisions that direct:

"Debt Service: Included in the above General Fund appropriation is \$589,000 in fiscal year 2006-2007 and \$589,000 in fiscal year 2007-2008 for debt service for previously issued bonds."

"Lapse of General Fund Appropriation Balance: Notwithstanding KRS 278.150(3), \$5,273,000 in fiscal year 2005-2006 shall lapse to the credit of the General Fund."

GENERAL ASSEMBLY

The General Assembly concurs with the Branch with the following changes:

The General Assembly amends the Branch Budget, Part I, Operating Budget to include the following language provisions:

"Notwithstanding KRS 278.150(3), \$1,000,000 in fiscal year 2006-2007 and \$1,000,000 in fiscal year 2007-2008 shall lapse to the credit of the General Fund."

"Water Districts and Water Associations: A water district created pursuant to KRS Chapter 74 and a water association created pursuant to KRS Chapter 273 that undertakes a waterline extension or improvement project shall not be required to obtain a certificate of public convenience and necessity pursuant to KRS 278.020(1) if the water district or water association is a Class A or B utility as defined in the Uniform System of Accounts established by the Public Service Commission, pursuant to KRS 278.220, as the system of accounts prescribed for utilities in Kentucky, and either: (a) The water line extension or improvement project will not cost in excess of \$500,000; or (b) The water district or water association will not, as a result of the water line extension or improvement project, incur

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Public Service Commission

obligations requiring Public Service Commission approval pursuant to KRS 278.300. In either case, the water district or water association shall not, as a result of the water line extension or improvement project, increase rates to its customers."

"Kentucky Broadband Task Force Report: The Kentucky Broadband Task Force shall examine the deployment of broadband, as defined in KRS 278.5461, in the Commonwealth and provide to the Legislative Research Commission and to the Governor a final report to be submitted no later than November 15, 2006."

"Telecommunication Access Program: Notwithstanding KRS 278.5499, the funding mechanism for the telecommunication device for the deaf distribution program shall allocate not more than two cents per access line per month."

F - Environmental and Public Protection Cabinet

Operating Budget

Tax Appeals

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	429,500	429,500		471,400	471,400		465,400	465,400	
Regular Total Funds	429,500	429,500		471,400	471,400		465,400	465,400	
Use of Continuing									
TOTAL FUNDS	429,500	429,500		471,400	471,400		465,400	465,400	
II. EXPENDITURE CATEGORY									
Personnel Costs	380,900	380,900		422,800	422,800		416,800	416,800	
Operating Expenses	48,600	48,600		48,600	48,600		48,600	48,600	
TOTAL EXPENDITURES	429,500	429,500		471,400	471,400		465,400	465,400	
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	429,500	429,500		471,400	471,400		465,400	465,400	
Regular Total Funds	429,500	429,500		471,400	471,400		465,400	465,400	
Use of Continuing									
TOTAL BASE LEVEL	429,500	429,500		471,400	471,400		465,400	465,400	

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Tax Appeals

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

GENERAL ASSEMBLY

The General Assembly concurs with the Branch.

F - Environmental and Public Protection Cabinet

Operating Budget

Labor

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	2,602,200	2,602,200		2,453,400	2,453,400		2,456,800	2,456,800	
Restricted Funds	122,470,000	122,470,000		116,986,200	116,986,200		117,654,300	117,654,300	
Federal Funds	3,172,700	3,172,700		3,343,800	3,343,800		3,329,800	3,329,800	
Regular Total Funds	128,244,900	128,244,900		122,783,400	122,783,400		123,440,900	123,440,900	
Use of Continuing									
TOTAL FUNDS	128,244,900	128,244,900		122,783,400	122,783,400		123,440,900	123,440,900	
II. EXPENDITURE CATEGORY									
Personnel Costs	22,115,400	22,115,400		23,456,500	23,456,500		23,997,200	23,997,200	
Operating Expenses	5,595,300	5,595,300		6,106,900	6,106,900		7,380,200	7,380,200	
Grants, Loans, Benefits	100,216,000	100,216,000		92,921,000	92,921,000		91,921,000	91,921,000	
Capital Outlay	318,200	318,200		299,000	299,000		142,500	142,500	
TOTAL EXPENDITURES	128,244,900	128,244,900		122,783,400	122,783,400		123,440,900	123,440,900	
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	2,602,200	2,602,200		2,453,400	2,453,400		2,456,800	2,456,800	
Restricted Funds	122,470,000	122,470,000		116,986,200	116,986,200		117,654,300	117,654,300	
Federal Funds	3,172,700	3,172,700		3,343,800	3,343,800		3,329,800	3,329,800	
Regular Total Funds	128,244,900	128,244,900		122,783,400	122,783,400		123,440,900	123,440,900	
Use of Continuing									
TOTAL BASE LEVEL	128,244,900	128,244,900		122,783,400	122,783,400		123,440,900	123,440,900	

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Labor

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

GENERAL ASSEMBLY

The General Assembly concurs with the Branch.

F - Environmental and Public Protection Cabinet**Capital Budget****Labor**

Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference

I. CAPITAL PROJECT RECAP BY FUND SOURCE

Restricted Funds

TOTAL CAPITAL**II. CAPITAL PROJECTS****1 Franklin County - Lease - 657 Chamberlin Ave**

PRJ9200006

Restricted Funds

Project Total**2 Franklin County - Lease - U.S.127**

PRJ9200001

Restricted Funds

Project Total**TOTAL CAPITAL**

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F - Environmental and Public Protection Cabinet

Operating Budget

Occupational Safety and Health Review Commission

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
Restricted Funds	560,500	560,500		500,600	500,600		510,900	510,900	
Regular Total Funds	560,500	560,500		500,600	500,600		510,900	510,900	
Use of Continuing									
TOTAL FUNDS	560,500	560,500		500,600	500,600		510,900	510,900	
II. EXPENDITURE CATEGORY									
Personnel Costs	508,700	508,700		438,500	438,500		444,300	444,300	
Operating Expenses	51,800	51,800		62,100	62,100		66,600	66,600	
TOTAL EXPENDITURES	560,500	560,500		500,600	500,600		510,900	510,900	
III. BASE LEVEL BUDGET BY FUND SOURCE									
Restricted Funds	560,500	560,500		500,600	500,600		510,900	510,900	
Regular Total Funds	560,500	560,500		500,600	500,600		510,900	510,900	
Use of Continuing									
TOTAL BASE LEVEL	560,500	560,500		500,600	500,600		510,900	510,900	

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KY Occupational Safety and Health Review Comm.

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

GENERAL ASSEMBLY

The General Assembly concurs with the Branch.

F - Environmental and Public Protection Cabinet

Operating Budget

Workers Compensation Board

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
Restricted Funds	922,200	922,200		937,900	937,900		949,500	949,500	
Regular Total Funds	922,200	922,200		937,900	937,900		949,500	949,500	
Use of Continuing									
TOTAL FUNDS	922,200	922,200		937,900	937,900		949,500	949,500	
II. EXPENDITURE CATEGORY									
Personnel Costs	793,500	793,500		822,500	822,500		834,800	834,800	
Operating Expenses	128,700	128,700		115,400	115,400		114,700	114,700	
TOTAL EXPENDITURES	922,200	922,200		937,900	937,900		949,500	949,500	
III. BASE LEVEL BUDGET BY FUND SOURCE									
Restricted Funds	922,200	922,200		937,900	937,900		949,500	949,500	
Regular Total Funds	922,200	922,200		937,900	937,900		949,500	949,500	
Use of Continuing									
TOTAL BASE LEVEL	922,200	922,200		937,900	937,900		949,500	949,500	

**Fiscal Biennium 2006-2008
Budget Modification Report**

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Workers' Compensation Board

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

GENERAL ASSEMBLY

The General Assembly concurs with the Branch.

F - Environmental and Public Protection Cabinet

Operating Budget

Workers Compensation Funding Commission

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
Restricted Funds	127,237,200	127,237,200		137,298,200	137,298,200		135,181,600	135,181,600	
Regular Total Funds	127,237,200	127,237,200		137,298,200	137,298,200		135,181,600	135,181,600	
Use of Continuing									
TOTAL FUNDS	127,237,200	127,237,200		137,298,200	137,298,200		135,181,600	135,181,600	
II. EXPENDITURE CATEGORY									
Personnel Costs	1,411,900	1,411,900		1,331,100	1,331,100		1,451,100	1,451,100	
Operating Expenses	125,825,300	125,825,300		135,967,100	135,967,100		133,730,500	133,730,500	
TOTAL EXPENDITURES	127,237,200	127,237,200		137,298,200	137,298,200		135,181,600	135,181,600	
III. BASE LEVEL BUDGET BY FUND SOURCE									
Restricted Funds	127,237,200	127,237,200		133,562,700	133,562,700		133,562,700	133,562,700	
Regular Total Funds	127,237,200	127,237,200		133,562,700	133,562,700		133,562,700	133,562,700	
Use of Continuing									
TOTAL BASE LEVEL	127,237,200	127,237,200		133,562,700	133,562,700		133,562,700	133,562,700	
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
Restricted Funds				3,735,500	3,735,500		1,618,900	1,618,900	
TOTAL ADDITIONAL				3,735,500	3,735,500		1,618,900	1,618,900	
V. ADDITIONAL BUDGET ITEMS									
1 GB Workers Compensation Funding Commission									
ABR9300001 Provide funds for additional support for workers compensation payments and administration.									
Restricted Funds				3,735,500	3,735,500		1,618,900	1,618,900	
Project Total				3,735,500	3,735,500		1,618,900	1,618,900	
TOTAL ADDITIONAL				3,735,500	3,735,500		1,618,900	1,618,900	
TRANSFERS TO THE GENERAL FUND									
Workers Compensation Funding Commission									
Insurance Administration Fund (KRS 342.1227)					3,735,500	3,735,500		1,618,900	1,618,900
TOTAL					3,735,500	3,735,500		1,618,900	1,618,900

**Fiscal Biennium 2006-2008
Budget Modification Report**

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Workers' Compensation Funding Commission

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part I, Operating Budget includes language provisions that direct:

"Commission Funding: Notwithstanding KRS 342.122(1)(c), no General Fund appropriation is provided to the Kentucky Workers' Compensation Funding Commission in fiscal year 2006-2007 and fiscal year 2007-2008."

"Mine Safety Funding: Notwithstanding KRS 342.122(1)(a), \$952,000 in each year of the biennium from the Coal Workers' Pneumoconiosis Fund shall support mine safety compliance, education, and training in the Office of Mine Safety and Licensing in the Department of Public Protection."

GENERAL ASSEMBLY

The General Assembly concurs with the Branch with the following change:

The General Assembly amends Part V, Funds Transfer, to include: \$3,735,500 in fiscal year 2006-2007 and \$1,618,900 in fiscal year 2007-2008.

F - Environmental and Public Protection Cabinet

Operating Budget

Environmental and Public Protection

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
TRANSFERS TO THE GENERAL FUND									
Environmental and Public Protection									
Kentucky Pride Trust Fund (KRS 224.43-505(1))				18,000,000	18,000,000				
Kentucky Pride Trust Fund				2,006,300	2,006,300		2,006,300	2,006,300	
Pursuant to KRS 224.43-505(2)(a)5., these funds transfers to the General Fund support the General Fund debt service on the bonds sold as appropriated by 2003 Ky. Acts ch. 156, Part II, Capital Projects Budget, A. Government Operations, 3. Kentucky Infrastructure Authority, c. Kentucky Pride Fund Projects.									
TOTAL				20,006,300	20,006,300		2,006,300	2,006,300	

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Finance and Administration Cabinet

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FB 2006-2008 FINAL BUDGET MEMORANDUM - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY

FINANCE AND ADMINISTRATION CABINET OPERATING BUDGET

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
TOTAL FUNDS									
REGULAR APPROPRIATIONS SUMMARY BY APPROPRIATION UNIT									
General Administration	42,483,200	42,483,200		46,387,500	45,573,100	(814,400)	46,605,700	45,598,600	(1,007,100)
Controller	13,640,600	13,640,600		14,211,300	14,007,000	(204,300)	14,223,000	14,007,200	(215,800)
Debt Service	287,064,200	287,064,200		342,497,800	345,989,800	3,492,000	349,301,200	345,245,200	(4,056,000)
Facilities and Support Services	38,062,900	38,062,900		37,627,400	37,426,600	(200,800)	38,100,600	37,887,200	(213,400)
County Costs	20,606,500	20,606,500		21,131,500	21,131,500		22,431,500	22,431,500	
Commonwealth Office of Technology	60,858,500	60,858,500		62,031,600	62,031,600		63,737,400	63,737,400	
Revenue	67,534,900	67,534,900		69,960,500	78,436,500	8,476,000	70,870,000	79,787,900	8,917,900
Property Valuation Administrators	35,279,300	35,279,300		36,088,700	37,088,700	1,000,000	36,088,700	37,718,700	1,630,000
Regular Appropriation	565,530,100	565,530,100		629,936,300	641,684,800	11,748,500	641,358,100	646,413,700	5,055,600

FB 2006-2008 FINAL BUDGET MEMORANDUM - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY

FINANCE AND ADMINISTRATION CABINET OPERATING BUDGET

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
GENERAL FUND (TOBACCO)									
REGULAR APPROPRIATIONS SUMMARY BY APPROPRIATION UNIT									
Debt Service	8,318,800	8,318,800		17,842,700	17,842,700		17,847,400	17,847,400	
Revenue	163,100	163,100		175,000	175,000		175,000	175,000	
Regular Appropriation	8,481,900	8,481,900		18,017,700	18,017,700		18,022,400	18,022,400	

GENERAL FUND (TOBACCO)

CONTINUED RESERVE SPENDING SUMMARY BY APPROPRIATION UNIT

Debt Service	2,019,100	2,019,100	
Reserve Spending	2,019,100	2,019,100	

FB 2006-2008 FINAL BUDGET MEMORANDUM - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY

FINANCE AND ADMINISTRATION CABINET OPERATING BUDGET

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
GENERAL FUND									
REGULAR APPROPRIATIONS SUMMARY BY APPROPRIATION UNIT									
General Administration	12,060,100	12,060,100		11,716,100	10,281,500	(1,434,600)	12,064,900	10,442,600	(1,622,300)
Controller	10,954,300	10,954,300		10,954,300	10,954,300		10,954,300	10,954,300	
Debt Service	276,240,400	276,240,400		324,655,100	328,147,100	3,492,000	331,453,800	327,397,800	(4,056,000)
Facilities and Support Services	7,864,800	7,864,800		7,518,200	7,518,200		7,526,800	7,526,800	
County Costs	18,681,500	18,681,500		19,181,500	19,181,500		20,481,500	20,481,500	
Revenue	61,435,900	61,435,900		63,986,000	71,880,000	7,894,000	64,898,400	73,234,300	8,335,900
Property Valuation Administrators	31,769,300	31,769,300		31,769,300	32,769,300	1,000,000	31,769,300	33,399,300	1,630,000
Regular Appropriation	419,006,300	419,006,300		469,780,500	480,731,900	10,951,400	479,149,000	483,436,600	4,287,600

FB 2006-2008 FINAL BUDGET MEMORANDUM - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY

FINANCE AND ADMINISTRATION CABINET OPERATING BUDGET

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
RESTRICTED FUNDS									
REGULAR APPROPRIATIONS SUMMARY BY APPROPRIATION UNIT									
General Administration	30,140,100	30,140,100		34,371,400	34,891,600	520,200	34,240,800	34,756,000	515,200
Controller	2,186,300	2,186,300		2,257,000	2,052,700	(204,300)	2,268,700	2,052,900	(215,800)
Facilities and Support Services	30,198,100	30,198,100		30,109,200	29,908,400	(200,800)	30,573,800	30,360,400	(213,400)
County Costs	1,925,000	1,925,000		1,950,000	1,950,000		1,950,000	1,950,000	
Commonwealth Office of Technology	58,196,500	58,196,500		61,168,500	61,168,500		62,962,400	62,962,400	
Revenue	4,517,900	4,517,900		4,381,500	4,381,500		4,378,600	4,378,600	
Property Valuation Administrators	3,510,000	3,510,000		4,319,400	4,319,400		4,319,400	4,319,400	
Regular Appropriation	130,673,900	130,673,900		138,557,000	138,672,100	115,100	140,693,700	140,779,700	86,000

FB 2006-2008 FINAL BUDGET MEMORANDUM - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY

FINANCE AND ADMINISTRATION CABINET OPERATING BUDGET

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
FEDERAL FUNDS									
REGULAR APPROPRIATIONS SUMMARY BY APPROPRIATION UNIT									
Controller	500,000	500,000		1,000,000	1,000,000		1,000,000	1,000,000	
Commonwealth Office of Technology	2,537,000	2,537,000		863,100	863,100		775,000	775,000	
Regular Appropriation	3,037,000	3,037,000		1,863,100	1,863,100		1,775,000	1,775,000	

FB 2006-2008 FINAL BUDGET MEMORANDUM - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY

FINANCE AND ADMINISTRATION CABINET OPERATING BUDGET

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
ROAD FUND									
REGULAR APPROPRIATIONS SUMMARY BY APPROPRIATION UNIT									
General Administration	283,000	283,000		300,000	400,000	100,000	300,000	400,000	100,000
Debt Service	2,505,000	2,505,000							
Commonwealth Office of Technology	125,000	125,000							
Revenue	1,418,000	1,418,000		1,418,000	2,000,000	582,000	1,418,000	2,000,000	582,000
Regular Appropriation	4,331,000	4,331,000		1,718,000	2,400,000	682,000	1,718,000	2,400,000	682,000

G - Finance and Administration Cabinet

Operating Budget

Summary Totals

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund (Tobacco)	8,481,900	8,481,900		18,017,700	18,017,700		18,022,400	18,022,400	
General Fund	419,006,300	419,006,300		469,780,500	480,731,900	10,951,400	479,149,000	483,436,600	4,287,600
Restricted Funds	130,673,900	130,673,900		138,557,000	138,672,100	115,100	140,693,700	140,779,700	86,000
Federal Funds	3,037,000	3,037,000		1,863,100	1,863,100		1,775,000	1,775,000	
Road Fund	4,331,000	4,331,000		1,718,000	2,400,000	682,000	1,718,000	2,400,000	682,000
Regular Total Funds	565,530,100	565,530,100		629,936,300	641,684,800	11,748,500	641,358,100	646,413,700	5,055,600
Use of Continuing	2,019,100	2,019,100							
TOTAL FUNDS	567,549,200	567,549,200		629,936,300	641,684,800	11,748,500	641,358,100	646,413,700	5,055,600
II. EXPENDITURE CATEGORY									
Personnel Costs	149,802,800	149,802,800		155,434,500	160,583,100	5,148,600	158,038,800	164,615,500	6,576,700
Operating Expenses	104,397,400	104,397,400		104,755,000	109,342,700	4,587,700	106,872,000	110,891,700	4,019,700
Grants, Loans, Benefits	7,345,000	7,345,000		7,345,000	9,645,000	2,300,000	7,345,000	9,645,000	2,300,000
Debt Service	289,084,800	289,084,800		342,499,300	345,991,300	3,492,000	349,302,700	345,246,700	(4,056,000)
Capital Outlay	11,819,200	11,819,200		14,036,200	10,256,400	(3,779,800)	13,900,800	10,116,000	(3,784,800)
Construction	5,100,000	5,100,000		5,866,300	5,866,300		5,898,800	5,898,800	
TOTAL EXPENDITURES	567,549,200	567,549,200		629,936,300	641,684,800	11,748,500	641,358,100	646,413,700	5,055,600
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund (Tobacco)	8,481,900	8,481,900		18,017,700	18,017,700		18,022,400	18,022,400	
General Fund	419,006,300	419,006,300		469,080,400	466,398,400	(2,682,000)	461,726,000	459,044,000	(2,682,000)
Restricted Funds	130,673,900	130,673,900		127,779,900	129,779,900	2,000,000	127,755,700	129,755,700	2,000,000
Federal Funds	3,037,000	3,037,000		1,363,100	1,363,100		1,275,000	1,275,000	
Road Fund	4,331,000	4,331,000		1,701,000	2,283,000	582,000	1,701,000	2,283,000	582,000
Regular Total Funds	565,530,100	565,530,100		617,942,100	617,842,100	(100,000)	610,480,100	610,380,100	(100,000)
Use of Continuing	2,019,100	2,019,100							
TOTAL BASE LEVEL	567,549,200	567,549,200		617,942,100	617,842,100	(100,000)	610,480,100	610,380,100	(100,000)
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
General Fund				700,100	14,333,500	13,633,400	17,423,000	24,392,600	6,969,600
Restricted Funds				10,777,100	8,892,200	(1,884,900)	12,938,000	11,024,000	(1,914,000)
Federal Funds				500,000	500,000		500,000	500,000	
Road Fund				17,000	117,000	100,000	17,000	117,000	100,000
TOTAL ADDITIONAL				11,994,200	23,842,700	11,848,500	30,878,000	36,033,600	5,155,600

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G - Finance and Administration Cabinet

Capital Budget

Summary Totals

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. CAPITAL PROJECT RECAP BY FUND SOURCE									
General Fund									
Restricted Funds				4,200,000	4,200,001		3,800,000	3,800,000	
Federal Funds				17,416,000	17,416,000				
Road Fund				1,250,000	1,250,000				
Bond Funds				135,208,000	141,192,000	5,984,000	5,000,000		(5,000,000)
Capital Construction Surplus				903,000	903,000		904,000	904,000	
Investment Income				1,290,000	90,000	(1,200,000)	330,000		(330,000)
Other Funds				20,750,000	20,750,000		3,000,000	3,000,000	
Deferred Maintenance				332,000		(332,000)			
TOTAL CAPITAL				181,349,000	185,801,001	4,452,001	13,034,000	7,704,000	(5,330,000)

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G - Finance and Administration Cabinet

Operating Budget

General Administration

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	12,060,100	12,060,100		11,716,100	10,281,500	(1,434,600)	12,064,900	10,442,600	(1,622,300)
Restricted Funds	30,140,100	30,140,100		34,371,400	34,891,600	520,200	34,240,800	34,756,000	515,200
Road Fund	283,000	283,000		300,000	400,000	100,000	300,000	400,000	100,000
Regular Total Funds	42,483,200	42,483,200		46,387,500	45,573,100	(814,400)	46,605,700	45,598,600	(1,007,100)
Use of Continuing									
TOTAL FUNDS	42,483,200	42,483,200		46,387,500	45,573,100	(814,400)	46,605,700	45,598,600	(1,007,100)
II. EXPENDITURE CATEGORY									
Personnel Costs	11,862,900	11,862,900		12,586,400	12,906,400	320,000	12,981,700	13,107,700	126,000
Operating Expenses	20,015,800	20,015,800		19,763,600	20,109,000	345,400	19,633,800	19,985,500	351,700
Grants, Loans, Benefits	2,500,000	2,500,000		2,000,000	4,300,000	2,300,000	2,000,000	4,300,000	2,300,000
Capital Outlay	8,104,500	8,104,500		12,037,500	8,257,700	(3,779,800)	11,990,200	8,205,400	(3,784,800)
TOTAL EXPENDITURES	42,483,200	42,483,200		46,387,500	45,573,100	(814,400)	46,605,700	45,598,600	(1,007,100)
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	12,060,100	12,060,100		11,716,100	9,616,100	(2,100,000)	11,844,900	9,744,900	(2,100,000)
Restricted Funds	30,140,100	30,140,100		30,140,100	32,140,100	2,000,000	30,140,100	32,140,100	2,000,000
Road Fund	283,000	283,000		283,000	283,000		283,000	283,000	
Regular Total Funds	42,483,200	42,483,200		42,139,200	42,039,200	(100,000)	42,268,000	42,168,000	(100,000)
Use of Continuing									
TOTAL BASE LEVEL	42,483,200	42,483,200		42,139,200	42,039,200	(100,000)	42,268,000	42,168,000	(100,000)
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
General Fund					665,400	665,400	220,000	697,700	477,700
Restricted Funds				4,231,300	2,751,500	(1,479,800)	4,100,700	2,615,900	(1,484,800)
Road Fund				17,000	117,000	100,000	17,000	117,000	100,000
TOTAL ADDITIONAL				4,248,300	3,533,900	(714,400)	4,337,700	3,430,600	(907,100)
V. ADDITIONAL BUDGET ITEMS									
1 EXPAN General Administration									
ABR750A0001 Provide funding for 3 vacant positions.									
Restricted Funds				127,200	127,200		133,500	133,500	
Project Total				127,200	127,200		133,500	133,500	

G - Finance and Administration Cabinet

Operating Budget

General Administration

Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
2 NEW	General Administration- Document Imaging System							
ABR750A0004	Provide funds to convert Occup. & Prof. records to electronic format.							
Restricted Funds			200,000	200,000		50,000	50,000	
Project Total			200,000	200,000		50,000	50,000	
3 NEW	General Administration- Gubernatorial Transition Funding KRS 11.260							
ABR750A0002	Provide funds for the Gubernatorial Transition.							
General Fund						220,000		(220,000)
Project Total						220,000		(220,000)
4 CONT	General Administration- Postal Services							
ABR750A0009	Provide additional Road Fund to support the Division of Postal Services.							
Road Fund			17,000	117,000	100,000	17,000	117,000	100,000
Project Total			17,000	117,000	100,000	17,000	117,000	100,000
5 CONT	Affordable Housing Trust Fund							
ABR750A0011	Provide additional General Fund support for the affordable housing trust fund.							
Restricted Funds				2,300,000	2,300,000		2,300,000	2,300,000
Project Total				2,300,000	2,300,000		2,300,000	2,300,000
6 NEW	Enhanced Revenue Collection Effort							
ABR750A0012	Provide additional General Fund support for 3 additional staff in Legal Services and additional operating funds.							
General Fund				665,400	665,400		697,700	697,700
Project Total				665,400	665,400		697,700	697,700
7 GB	General Administration- Fleet Management Operations - Personnel							
ABRC35K0002	Provide funds to support personnel expenditures related to the Fleet Management Operations program, including 3 personnel positions.							
Restricted Funds			124,300	124,300		132,400	132,400	
Project Total			124,300	124,300		132,400	132,400	
8 CONT	General Administration- Fleet Management							
ABR750A0010	Provide Restricted Funds to purchase replacement vehicles in the state motor pool.							
Restricted Funds			3,779,800		(3,779,800)	3,784,800		(3,784,800)
Project Total			3,779,800		(3,779,800)	3,784,800		(3,784,800)
TOTAL ADDITIONAL			4,248,300	3,533,900	(714,400)	4,337,700	3,430,600	(907,100)

FB 2006-2008 FINAL BUDGET MEMORANDUM - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY

G - Finance and Administration Cabinet

Operating Budget

General Administration

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
TRANSFERS TO THE GENERAL FUND									
General Administration									
Agency Revenue Fund	58,800	58,800			3,779,800	3,779,800		3,784,800	3,784,800
TOTAL	58,800	58,800			3,779,800	3,779,800		3,784,800	3,784,800

**Fiscal Biennium 2006-2008
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General Administration

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part V, Funds Transfer, includes a transfer from the General Administration, Restricted Funds of \$58,800 in fiscal year 2005-2006.

Included in the State/Executive Branch Budget Bill is a reorganization, based on Executive Order 2005-1254, effective October 16, 2005, that moved the Division of Fleet Management from the Transportation Cabinet to the Finance and Administration Cabinet, Office of General Administration.

The State/Executive Branch Budget Bill, Part I, Operating Budget provides Restricted Funds in the amount of \$127,200 in fiscal year 2006-2007 and \$133,500 in fiscal year 2007-2008 to fill three (3) positions in the Office; Restricted Funds in the amount of \$124,300 in fiscal year 2006-2007 and \$132,400 in fiscal year 2007-2008 to fill three (3) vacancies in the Division of Fleet Management; Restricted Funds in the amount of \$200,000 in fiscal year 2006-2007 and \$50,000 in fiscal year 2007-2008 for a document imaging system; and Restricted Funds in the amount of \$3,779,800 in fiscal year 2006-2007 and \$3,784,800 in fiscal year 2007-2008 for the replacement of vehicles in the state motor pool. General Fund appropriation of \$220,000 in fiscal year 2007-2008 was provided for Gubernatorial Transition and an additional Road Fund appropriation of \$17,000 in each fiscal year for the Division of Postal Services

Included in the Baseline Budget of the State/Executive Branch Budget Bill, Part I, Operating Budget is General Fund appropriation of \$2.0 million each fiscal year for the Affordable Housing Trust Fund.

GENERAL ASSEMBLY

The General Assembly concurs with the Branch with the following changes:

The General Assembly does not provide General Fund dollars totaling \$220,000 in fiscal year 2007-2008 for the Gubernatorial Transition.

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General Administration

The General Assembly does not provide Restricted Funds totaling \$3,779,800 in fiscal year 2006-2007 and \$3,784,800 in fiscal year 2007-2008 for Fleet Management replacement vehicles.

The General Assembly provides additional General Fund support of \$665,400 in fiscal year 2006-2007 and \$697,700 in fiscal year 2007-2008 for the Enhanced Revenue Collection Effort.

The General Assembly provides in Part I, Operating Budget, additional Road Fund support of \$100,000 each fiscal year and reduces General Fund support by \$100,000 each fiscal.

The General Assembly reduces in Part I, Operating Budget, General Fund support by \$2,000,000 in each fiscal year, and increases Restricted Funds by \$4,300,000 in each fiscal year for the Affordable Housing Trust Fund.

The General Assembly amends the State/Executive Branch Budget Bill, Part I, Operating Budget, to include the following language provisions:

"Trooper Island, Inc.: The Kentucky Housing Corporation shall provide from the Kentucky Housing Corporation Housing Assistance Fund to Trooper Island, Inc., \$250,000 in fiscal year 2006-2007 and \$250,000 in fiscal year 2007-2008."

"Gubernatorial Transition: Funds that are necessary to meet the Commonwealth's obligations for gubernatorial transition, up to but not to exceed \$220,000 in fiscal year 2007-2008, shall be deemed a necessary government expense, and shall be paid from the General Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705)."

"Affordable Housing Trust Fund: Included in the above Restricted Funds appropriation is \$4,300,000 in fiscal year 2006-2007 and \$4,300,000 in fiscal year 2007-2008 for the Affordable Housing Trust Fund. The Kentucky Housing Corporation shall provide from the Kentucky Housing Corporation Housing Assistance Fund to the Affordable Housing Trust Fund \$500,000 in fiscal year 2006-2007 and \$500,000 in fiscal year 2007-2008."

The General Assembly provides Part II, Capital Budget, language provision as follows:

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General Administration

"(a) The \$75,000,000 of state-supported Bond Funds shall pay a portion of the cost to construct the Louisville Arena, a public project intended for multiple uses as a public, recreational, cultural, and sports facility. Bond funds authorized under this paragraph shall be conditioned upon the Louisville Arena Authority, Inc. conducting all business in accordance with the applicable provisions of KRS Chapter 45A, and with the provisions of the Kentucky Open Records Act (KRS 61.870 to 61.884) and the Kentucky Open Meetings Act (KRS 61.800 to 61.850). The provisions of KRS Chapter 11A shall apply to the Authority's directors, officers, and management and policymaking employees. All decisions regarding the issuance of bonds and whether bonds should be competitively bid or negotiated shall be made by the Authority in an open meeting.

(b) Bond Funds authorized under paragraph (a) shall be conditioned upon the execution of contracts or memorandum of understanding by the Louisville Arena Authority, Inc. and applicable parties to ensure the following:

1. Kentucky State Fair Board - Except as provided in subparagraph 2. below, the Kentucky State Fair Board shall be the sole, independent managing agent for the Louisville Arena and shall have complete authority over day-to-day operations, including but not limited to event attractions, scheduling, and coordination between the Arena and other facilities operated by the Fair Board, in accordance with general guidelines established or mutually modified by the Fair Board and the Authority. Any net-negative financial impact to the Kentucky State Fair Board operations resulting from the movement of existing events from current facilities to the new arena shall be reimbursed to the Kentucky State fair Board during the life of the state bonds authorized herein; and

2. University of Louisville - The Authority shall agree to acceptable arrangements with the University for scheduling priorities for men's and women's basketball games and practices, sharing of catering and concession revenue, allocation and pricing of parking spaces, marketing and allocation of revenues from suites and premium seats, arena advertising, signage, banners and branding, ticket prices and surcharges, arena development team membership, other events and uses of the arena, rental rates, merchandise revenue sharing and such other matters as the Authority and the University deem appropriate. The contract or memorandum of understanding referred to in this subparagraph shall include any term or condition recommended by the Louisville Arena Task Force and may address any other term or condition mutually agreed upon by the University and the Authority.

(c) If the Arena is constructed at the location commonly known as the "LG&E site," it is not anticipated that a significant portion of the arena project costs will be borne by Louisville Gas & Electric. However, for purposes of transparency, if the Arena is constructed at the LG&E site, any portion of the costs associated with the purchase, relocation, demolition, or construction of buildings, structures, and equipment assumed by Louisville Gas & Electric shall be clearly delineated in the contractual agreement between Louisville Gas & Electric and the Arena Authority, its successor, or any other entity organized for the purpose of developing, financing, and constructing the Arena.

(d) If construction of the Arena is dependent upon construction of a floodwall or other flood control structures, the costs associated with such construction shall not be borne by Metropolitan Sewer District ratepayers.

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General Administration

(e) The conditions and contingencies imposed by paragraphs (a) through (d) above shall not be construed in any manner which may negatively impact the Louisville Arena Authority, Inc.'s ability to seek and receive tax-exempt status pursuant to 26 U.S.C. Section 501(c) and Treas. Reg. Section 1.501(c)(3)-1(d)(2).

(f) Any additional debt issued by any other entity other than the Commonwealth shall not constitute a debt of the Commonwealth or a pledge of the faith and credit of the Commonwealth. Nor shall any debt issued by any other entity other than the Commonwealth be deemed, directly or indirectly, to be a moral obligation of the Commonwealth. In no case shall the Commonwealth pay for any construction cost overruns or operating costs associated with the Louisville Arena."

The General Assembly amends the State/Executive Branch Budget Bill, Part V, Funds Transfer, to include \$3,779,800 in fiscal year 2006-2007 and \$3,784,800 in fiscal year 2007-2008 from the Fleet Management Agency Restricted Funds.

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G - Finance and Administration Cabinet

Capital Budget

General Administration

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. CAPITAL PROJECT RECAP BY FUND SOURCE									
Bond Funds				75,000,000	75,000,000				
TOTAL CAPITAL				75,000,000	75,000,000				
II. CAPITAL PROJECTS									
1	Louisville Arena								
PRJ750A1511									
Bond Funds				75,000,000	75,000,000				
Project Total				75,000,000	75,000,000				
TOTAL CAPITAL				75,000,000	75,000,000				

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G - Finance and Administration Cabinet

Operating Budget

Controller

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	10,954,300	10,954,300		10,954,300	10,954,300		10,954,300	10,954,300	
Restricted Funds	2,186,300	2,186,300		2,257,000	2,052,700	(204,300)	2,268,700	2,052,900	(215,800)
Federal Funds	500,000	500,000		1,000,000	1,000,000		1,000,000	1,000,000	
Regular Total Funds	13,640,600	13,640,600		14,211,300	14,007,000	(204,300)	14,223,000	14,007,200	(215,800)
Use of Continuing									
TOTAL FUNDS	13,640,600	13,640,600		14,211,300	14,007,000	(204,300)	14,223,000	14,007,200	(215,800)
II. EXPENDITURE CATEGORY									
Personnel Costs	7,140,500	7,140,500		7,214,200	7,009,900	(204,300)	7,225,900	7,010,100	(215,800)
Operating Expenses	5,998,600	5,998,600		5,995,600	5,995,600		5,995,600	5,995,600	
Grants, Loans, Benefits	500,000	500,000		1,000,000	1,000,000		1,000,000	1,000,000	
Debt Service	1,500	1,500		1,500	1,500		1,500	1,500	
TOTAL EXPENDITURES	13,640,600	13,640,600		14,211,300	14,007,000	(204,300)	14,223,000	14,007,200	(215,800)
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	10,954,300	10,954,300		10,954,300	10,954,300		10,954,300	10,954,300	
Restricted Funds	2,186,300	2,186,300		2,052,700	2,052,700		2,052,900	2,052,900	
Federal Funds	500,000	500,000		500,000	500,000		500,000	500,000	
Regular Total Funds	13,640,600	13,640,600		13,507,000	13,507,000		13,507,200	13,507,200	
Use of Continuing									
TOTAL BASE LEVEL	13,640,600	13,640,600		13,507,000	13,507,000		13,507,200	13,507,200	
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
Restricted Funds				204,300		(204,300)	215,800		(215,800)
Federal Funds				500,000	500,000		500,000	500,000	
TOTAL ADDITIONAL				704,300	500,000	(204,300)	715,800	500,000	(215,800)
V. ADDITIONAL BUDGET ITEMS									
1 CONT	Controller- Rural Empowerment Zone Grant								
ABR7580003	Provide Federal Funds to support the Rural Empowerment Zone Grant for the Kentucky Highlands in Southeast Kentucky.								
Federal Funds				500,000	500,000		500,000	500,000	
Project Total				500,000	500,000		500,000	500,000	

G - Finance and Administration Cabinet

Operating Budget

Controller

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
2 EXPAN Controller									
ABR7580001 Provide funds to fill 3 vacant positions.									
Restricted Funds				204,300		(204,300)	215,800		(215,800)
Project Total				204,300		(204,300)	215,800		(215,800)
TOTAL ADDITIONAL				704,300	500,000	(204,300)	715,800	500,000	(215,800)

TRANSFERS TO THE GENERAL FUND

Controller

Agency Revenue Fund	1,200,000	1,200,000		204,300	204,300		215,800	215,800	
TOTAL	1,200,000	1,200,000		204,300	204,300		215,800	215,800	

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Office of the Controller

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part V, Funds Transfer, includes a transfer from the Office of Financial Management, Restricted Funds of \$1,200,000 in fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part I, Operating Budget includes a language provision that directs:

"Social Security Contingent Liability Fund: Any expenditures that may be required by KRS 61.470 are hereby deemed necessary government expenses and shall be paid first from the General Fund Surplus Account (KRS 48.700), if available, or from any available balance in either the Judgments budget unit appropriation or the Budget Reserve Trust Fund Account (KRS 48.705), subject to the conditions and procedures provided in this Act."

The State/Executive Branch Budget Bill, Part I, Operating Budget includes Restricted Funds of \$204,300 in fiscal year 2006-2007 and \$215,800 in fiscal year 2007-2008 to fill three (3) vacancies in the Office. It also includes Federal Funds of \$500,000 in each fiscal year for the Rural Empowerment Zone grant.

GENERAL ASSEMBLY

The General Assembly concurs with the Branch with the following changes:

The General Assembly does not provide Restricted Funds totaling \$204,300 in fiscal year 2006-2007 and \$215,800 in fiscal year 2007-2008 to fill three (3) vacant positions.

The General Assembly amends the State/Executive Branch Budget Bill, Part V, Fund Transfers, to include \$204,300 in fiscal year 2006-2007 and \$215,800 in fiscal year 2007-2008 from Agency Restricted Funds.

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G - Finance and Administration Cabinet

Operating Budget

Debt Service

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund (Tobacco)	8,318,800	8,318,800		17,842,700	17,842,700		17,847,400	17,847,400	
General Fund	276,240,400	276,240,400		324,655,100	328,147,100	3,492,000	331,453,800	327,397,800	(4,056,000)
Road Fund	2,505,000	2,505,000							
Regular Total Funds	287,064,200	287,064,200		342,497,800	345,989,800	3,492,000	349,301,200	345,245,200	(4,056,000)
Use of Continuing	2,019,100	2,019,100							
TOTAL FUNDS	289,083,300	289,083,300		342,497,800	345,989,800	3,492,000	349,301,200	345,245,200	(4,056,000)
II. EXPENDITURE CATEGORY									
Debt Service	289,083,300	289,083,300		342,497,800	345,989,800	3,492,000	349,301,200	345,245,200	(4,056,000)
TOTAL EXPENDITURES	289,083,300	289,083,300		342,497,800	345,989,800	3,492,000	349,301,200	345,245,200	(4,056,000)
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund (Tobacco)	8,318,800	8,318,800		17,842,700	17,842,700		17,847,400	17,847,400	
General Fund	276,240,400	276,240,400		324,655,100	324,655,100		316,260,800	316,260,800	
Road Fund	2,505,000	2,505,000							
Regular Total Funds	287,064,200	287,064,200		342,497,800	342,497,800		334,108,200	334,108,200	
Use of Continuing	2,019,100	2,019,100							
TOTAL BASE LEVEL	289,083,300	289,083,300		342,497,800	342,497,800		334,108,200	334,108,200	
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
General Fund					3,492,000	3,492,000	15,193,000	11,137,000	(4,056,000)
TOTAL ADDITIONAL					3,492,000	3,492,000	15,193,000	11,137,000	(4,056,000)
V. ADDITIONAL BUDGET ITEMS									
1 NEW Debt Service									
ABR750B0001	Provide debt service on all new Bond Funded projects in the Finance Cabinet budget. Total Bonds of \$141,192,000.								
General Fund					3,492,000	3,492,000	15,193,000	11,137,000	(4,056,000)
Project Total					3,492,000	3,492,000	15,193,000	11,137,000	(4,056,000)
TOTAL ADDITIONAL					3,492,000	3,492,000	15,193,000	11,137,000	(4,056,000)

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Debt Service

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part X, Tobacco Settlement, includes a language provision that direct:

"Debt Service: To the extent that revenues sufficient to support the required debt service appropriations are received from the Tobacco Settlement Program, those revenues shall be made available from those accounts to the appropriate account of the General Fund. All necessary debt service amounts shall be appropriated from the General Fund and shall be fully paid regardless of whether there is a sufficient amount available to be transferred from tobacco supported funding program accounts to other accounts of the General Fund."

The State/Executive Branch Budget Bill, Part X, Tobacco Settlement, provides \$17,842,700 in fiscal year 2006-2007 and \$17,847,400 in fiscal year 2007-2008 for debt service on previously authorized Bond Funded projects.

The State/Executive Branch Budget Bill, Part I, Operating Budget includes language provisions that direct:

"New Debt Service: Included in the above General Fund appropriation is \$15,193,000 in fiscal year 2007-2008 to support new bonds as set forth in Part II, Capital Projects Budget, of this Act for appropriation units within the Finance and Administration Cabinet."

"Tobacco Settlement Funds - Debt Service: To the extent that revenues sufficient to support the required debt service appropriations are received from the Tobacco Settlement Program, those revenues shall be made available from those accounts to the appropriate account of the General Fund. All necessary debt service amounts shall be appropriated from the General Fund and shall be fully paid regardless of whether there is a sufficient amount available to be transferred from tobacco-supported funding program accounts to other accounts of the General Fund."

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Debt Service

GENERAL ASSEMBLY

The General Assembly concurs with the Branch with the following changes:

The General Assembly adds in Part I, Operating Budget, increased General Fund support of \$3,492,000 in fiscal year 2006-2007 and reduced support of \$4,056,000 in fiscal year 2007-2008 for new debt service.

The General Assembly modifies a Part I, Operating Budget, language provision as follows:

" **New Debt Service:** Included in the above General Fund appropriation is \$3,492,000 in fiscal year 2006-2007 and \$11,137,000 in fiscal year 2007-2008 to support new bonds as set forth in Part II, Capital Projects Budget, of this Act for appropriation units within the Finance and Administration Cabinet."

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G - Finance and Administration Cabinet

Operating Budget

Facilities and Support Services

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	7,864,800	7,864,800		7,518,200	7,518,200		7,526,800	7,526,800	
Restricted Funds	30,198,100	30,198,100		30,109,200	29,908,400	(200,800)	30,573,800	30,360,400	(213,400)
Regular Total Funds	38,062,900	38,062,900		37,627,400	37,426,600	(200,800)	38,100,600	37,887,200	(213,400)
Use of Continuing									
TOTAL FUNDS	38,062,900	38,062,900		37,627,400	37,426,600	(200,800)	38,100,600	37,887,200	(213,400)
II. EXPENDITURE CATEGORY									
Personnel Costs	19,824,900	19,824,900		20,045,800	19,845,000	(200,800)	20,532,300	20,318,900	(213,400)
Operating Expenses	16,029,000	16,029,000		15,614,700	15,614,700		16,568,900	16,568,900	
Capital Outlay	509,000	509,000		466,900	466,900		466,900	466,900	
Construction	1,700,000	1,700,000		1,500,000	1,500,000		532,500	532,500	
TOTAL EXPENDITURES	38,062,900	38,062,900		37,627,400	37,426,600	(200,800)	38,100,600	37,887,200	(213,400)
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	7,864,800	7,864,800		7,518,200	7,518,200		7,526,800	7,526,800	
Restricted Funds	30,198,100	30,198,100		29,733,400	29,733,400		28,939,000	28,939,000	
Regular Total Funds	38,062,900	38,062,900		37,251,600	37,251,600		36,465,800	36,465,800	
Use of Continuing									
TOTAL BASE LEVEL	38,062,900	38,062,900		37,251,600	37,251,600		36,465,800	36,465,800	
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
Restricted Funds				375,800	175,000	(200,800)	1,634,800	1,421,400	(213,400)
TOTAL ADDITIONAL				375,800	175,000	(200,800)	1,634,800	1,421,400	(213,400)
V. ADDITIONAL BUDGET ITEMS									
1 EXPAN Facilities									
ABR7850001 Provide funds to fill 4 vacant positions.									
Restricted Funds				200,800		(200,800)	213,400		(213,400)
Project Total				200,800		(200,800)	213,400		(213,400)
2 EXPAN Facilities- Archibus									
ABR7850002 Provide funds to purchase new modules to the ARCHIBUS facilities management system.									
Restricted Funds				175,000	175,000		175,000	175,000	
Project Total				175,000	175,000		175,000	175,000	

G - Finance and Administration Cabinet

Operating Budget

Facilities and Support Services

Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
3 EXPAN Facilities- Frankfort SOB-ABR								
ABR7850004 Provide funds for 5 new staff and operating for State Office Bldg.								
Restricted Funds						1,122,600	1,122,600	
Project Total						1,122,600	1,122,600	
4 EXPAN Facilities- Jones Building-ABR								
ABR7850003 Provide funds for 3 new staff and operating for Jones Bldg.								
Restricted Funds						123,800	123,800	
Project Total						123,800	123,800	
TOTAL ADDITIONAL			375,800	175,000	(200,800)	1,634,800	1,421,400	(213,400)

TRANSFERS TO THE GENERAL FUND**Facilities and Support Services**

Agency Revenue Fund	232,500	232,500	200,800	200,800		583,400	583,400
TOTAL	232,500	232,500	200,800	200,800		583,400	583,400

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Facilities and Support Services

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part V, Funds Transfer, includes a transfer from Facilities Services, Restricted Funds of \$232,500 in fiscal year 2005-2006, the Capital Construction and Equipment Purchase Contingency Fund of \$2,000,000 in fiscal year 2006-2007, and the Capital Construction Investment Income Account of \$5,000,000 in fiscal year 2006-2007 and \$5,000,000 in fiscal year 2007-2008.

The State/Executive Branch Budget Bill, Part I, Operating Budget provides Restricted Funds of \$200,800 in fiscal year 2006-2007 and \$213,400 in fiscal year 2007-2008 to fill five (5) vacant positions; \$175,000 in each fiscal year to purchase upgrades to the ARCHIBUS facility management system; \$1,122,600 in fiscal year 2007-2008 for five (5) new maintenance positions and operating expenses associated with the newly renovated state office building, and \$123,800 for three (3) new maintenance positions and operating expenses associated with the newly renovated Jones Building.

The State/Executive Branch Budget Bill, Part II, Capital Projects Budget, includes a language provision as follows:

"Statewide Repair, Maintenance, and Replacement Pool Fund: Included in the above Statewide Repair, Maintenance and Replacement Pool Fund are the following Bond Funds supported projects and related appropriations in fiscal year 2006-2007:

- (a) Facilities and Support Services Maintenance Pool, \$3,750,000;
- (b) Parks, Maintenance Pool, \$1,250,000;

Included in the Statewide Repair, Maintenance and Replacement Pool Fund are the following Bond Funds supported projects and related appropriations in fiscal year 2007-2008:

- (a) Facilities and Support Services Maintenance Pool, \$3,750,000;
- (b) Justice and Public Safety Cabinet, Corrections Management, Maintenance Pool, \$1,250,000."

**Fiscal Biennium 2006-2008
Budget Modification Report**

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Facilities and Support Services

GENERAL ASSEMBLY

The General Assembly concurs with the Branch with the following changes:

The General Assembly does not provide Restricted Funds totaling \$200,800 in fiscal year 2006-2007 and \$213,400 in fiscal year 2007-2008 to fill Four (4) vacant positions.

The General Assembly amends the State/Executive Branch Budget Bill, Part I, Operating Budget, to include the following language provisions:

"Capital Construction Contingency Fund: If funds in the Capital Construction Contingency Fund are not sufficient, then expenditures of the fund are to be paid first from the General Fund Surplus Account (KRS 48.700), if available, or from the Budget Reserve Trust Fund Account (KRS 48.705), subject to the conditions and procedures provided in this Act."

"Emergency Repair, Maintenance, and Replacement Fund: If funds in the Emergency Repair, Maintenance, and Replacement Fund are not sufficient, then expenditures of the fund are to be paid first from the General Fund Surplus Account (KRS 48.700), if available, or from the Budget Reserve Trust Fund Account (KRS 48.705), subject to the conditions and procedures provided in this Act."

The General Assembly amends the State/Executive Branch Budget Bill, Part V, Fund Transfer, to include \$200,800 in fiscal year 2006-2007 and \$583,400 in fiscal year 2007-2008 from the Agency Restricted Funds, an additional \$1,200,000 in fiscal year 2006-2007 and \$330,000 in fiscal year 2007-2008 from the Capital Construction Investment Income Account, \$332,000 in fiscal year 2006-2007 from the Statewide Deferred Maintenance Fund, and \$1,000,000 in fiscal year 2006-2007 from the Capital Construction Emergency Repair and Maintenance Fund.

The General Assembly amends the State/Executive Branch Budget Bill, Part II, Capital Budget, to include additional Bond Funds of \$901,000 in fiscal year 2006-2007 for the Renovate Ky State Office Building - Phase 3 Capital Project.

The General Assembly amends the State/Executive Branch Budget Bill, Part II, Capital Budget, to include the full project funding of \$10,000,000 in fiscal year 2006-2007, for the Statewide Repair, Maintenance and Replacement project, rather than dividing the funding evenly in each fiscal year.

Fiscal Biennium 2006-2008
Budget Modification Report

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Facilities and Support Services

The General Assembly amends the State/Executive Branch Budget Bill, Part II, Capital Budget, and deletes the Improve Site Infrastructure - KY Capitol Complex project.

The General Assembly amends the State/Executive Branch Budget Bill, Part II, Capital Budget, and reducing Investment Income funding by \$400,000 in fiscal year 2006-2007 for the Governor's Mansion HVAC and Window Replacement project.

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G - Finance and Administration Cabinet

Capital Budget

Facilities and Support Services

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. CAPITAL PROJECT RECAP BY FUND SOURCE									
Bond Funds				22,641,000	28,542,000	5,901,000	5,000,000		(5,000,000)
Capital Construction Surplus				903,000	903,000		904,000	904,000	
Investment Income				1,290,000	90,000	(1,200,000)	330,000		(330,000)
Other Funds									
Deferred Maintenance				332,000		(332,000)			
TOTAL CAPITAL				25,166,000	29,535,000	4,369,000	6,234,000	904,000	(5,330,000)
II. CAPITAL PROJECTS									
1	Renovate Ky State Office Building-Phase 3								
PRJ7851519									
Bond Funds				12,699,000	13,600,000	901,000			
Project Total				12,699,000	13,600,000	901,000			
2	Statewide Repair, Maintenance and Replacement								
PRJ7851524									
Bond Funds				5,000,000	10,000,000	5,000,000	5,000,000		(5,000,000)
Project Total				5,000,000	10,000,000	5,000,000	5,000,000		(5,000,000)
3	Capital Plaza Complex- Renovation & Design								
PRJ7851521									
Bond Funds				4,942,000	4,942,000				
Project Total				4,942,000	4,942,000				
4	Acquire Land/Demolish Bldgs.-Statewide								
PRJ7851517									
Capital Construction Surplus				903,000	903,000		904,000	904,000	
Project Total				903,000	903,000		904,000	904,000	
5	Governor's Mansion HVAC and Window Replacement								
PRJ7851525									
Investment Income				490,000	90,000	(400,000)			
Project Total				490,000	90,000	(400,000)			

G - Finance and Administration Cabinet

Capital Budget

Facilities and Support Services

Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
6 Guaranteed Energy Performance Projects Pool								
PRJ7851520								
Other Funds								
Project Total								
7 Improve Site Infrastructure-KY Capitol Complex,3								
PRJ7851518								
Investment Income			800,000		(800,000)	330,000		(330,000)
Deferred Maintenance			332,000		(332,000)			
Project Total			1,132,000		(1,132,000)	330,000		(330,000)
TOTAL CAPITAL			25,166,000	29,535,000	4,369,000	6,234,000	904,000	(5,330,000)

G - Finance and Administration Cabinet

Operating Budget

County Costs

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	18,681,500	18,681,500		19,181,500	19,181,500		20,481,500	20,481,500	
Restricted Funds	1,925,000	1,925,000		1,950,000	1,950,000		1,950,000	1,950,000	
Regular Total Funds	20,606,500	20,606,500		21,131,500	21,131,500		22,431,500	22,431,500	
Use of Continuing									
TOTAL FUNDS	20,606,500	20,606,500		21,131,500	21,131,500		22,431,500	22,431,500	
II. EXPENDITURE CATEGORY									
Personnel Costs	1,650,000	1,650,000		1,675,000	1,675,000		1,675,000	1,675,000	
Operating Expenses	14,631,500	14,631,500		15,131,500	15,131,500		16,431,500	16,431,500	
Grants, Loans, Benefits	4,325,000	4,325,000		4,325,000	4,325,000		4,325,000	4,325,000	
TOTAL EXPENDITURES	20,606,500	20,606,500		21,131,500	21,131,500		22,431,500	22,431,500	
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	18,681,500	18,681,500		18,681,500	18,681,500		18,681,500	18,681,500	
Restricted Funds	1,925,000	1,925,000		1,925,000	1,925,000		1,925,000	1,925,000	
Regular Total Funds	20,606,500	20,606,500		20,606,500	20,606,500		20,606,500	20,606,500	
Use of Continuing									
TOTAL BASE LEVEL	20,606,500	20,606,500		20,606,500	20,606,500		20,606,500	20,606,500	
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
General Fund				500,000	500,000		1,800,000	1,800,000	
Restricted Funds				25,000	25,000		25,000	25,000	
TOTAL ADDITIONAL				525,000	525,000		1,825,000	1,825,000	
V. ADDITIONAL BUDGET ITEMS									
1 EXPAN County Costs- Public Defender Additional County Distribution									
ABR7590001 Provide additional funds for the Public Defender program									
Restricted Funds				25,000	25,000		25,000	25,000	
Project Total				25,000	25,000		25,000	25,000	
2 EXPAN County Costs- Sheriffs Fees									
ABR7590002 Provide additional appropriation for the anticipated rising expense of the Sheriffs Fee program.									
General Fund				500,000	500,000		1,800,000	1,800,000	
Project Total				500,000	500,000		1,800,000	1,800,000	

FB 2006-2008 FINAL BUDGET MEMORANDUM - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY**G - Finance and Administration Cabinet****Operating Budget****County Costs**

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
TOTAL ADDITIONAL				525,000	525,000		1,825,000	1,825,000	

**Fiscal Biennium 2006-2008
Budget Modification Report**

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County Costs

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part I, Operating Budget includes a language provision that directs:

"County Costs: Funds required to pay county costs are appropriated and additional funds may be allotted from the General Fund Surplus Account (KRS 48.700) or the Budget Reserve Trust Fund Account (KRS 48.705) by the Secretary of the Finance and Administration Cabinet, subject to the conditions and procedures provided in this Act."

The State/Executive Branch Budget Bill, Part I, Operating Budget includes additional Restricted Funds of \$25,000 in each fiscal year for the Public Defender program and additional General Fund appropriation of \$500,000 in fiscal year 2006-2007 and \$1,800,000 in fiscal year 2007-2008 for the Sheriff's Fees.

The State/Executive Branch Budget Bill, Part I, Operating Budget provides expenditures by program for the County Cost appropriations unit as follows:

<u>Program</u>	<u>Fiscal Year 2006-2007</u>	<u>Fiscal Year 2007-2008</u>
Public Defender Program	\$ 1,625,000	\$ 1,625,000
Witnesses	160,000	160,000
DUI Services	1,425,000	1,425,000
Sheriff's Fees	9,334,000	10,634,000
County Clerks to Make Tax Bills	320,000	320,000
Board of Assessment Appeals	60,000	60,000
Fugitive from Justice	1,200,000	1,200,000
Jury Fund	3,600,000	3,600,000
Sheriff's Expense Allowance	500,000	500,000

**Fiscal Biennium 2006-2008
Budget Modification Report**

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County Costs

Premium on Sheriff's Bonds	7,500	7,500
Access to Justice	<u>2,900,000</u>	<u>2,900,000</u>
Total	\$21,131,500	\$22,431,500

GENERAL ASSEMBLY

The General Assembly concurs with the Branch.

G - Finance and Administration Cabinet

Operating Budget

Commonwealth Office of Technology

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
Restricted Funds	58,196,500	58,196,500		61,168,500	61,168,500		62,962,400	62,962,400	
Federal Funds	2,537,000	2,537,000		863,100	863,100		775,000	775,000	
Road Fund	125,000	125,000							
Regular Total Funds	60,858,500	60,858,500		62,031,600	62,031,600		63,737,400	63,737,400	
Use of Continuing									
TOTAL FUNDS	60,858,500	60,858,500		62,031,600	62,031,600		63,737,400	63,737,400	
II. EXPENDITURE CATEGORY									
Personnel Costs	31,112,600	31,112,600		32,867,700	32,867,700		33,658,300	33,658,300	
Operating Expenses	23,120,200	23,120,200		23,245,800	23,245,800		23,249,100	23,249,100	
Grants, Loans, Benefits	20,000	20,000		20,000	20,000		20,000	20,000	
Capital Outlay	3,205,700	3,205,700		1,531,800	1,531,800		1,443,700	1,443,700	
Construction	3,400,000	3,400,000		4,366,300	4,366,300		5,366,300	5,366,300	
TOTAL EXPENDITURES	60,858,500	60,858,500		62,031,600	62,031,600		63,737,400	63,737,400	
III. BASE LEVEL BUDGET BY FUND SOURCE									
Restricted Funds	58,196,500	58,196,500		56,268,500	56,268,500		57,053,400	57,053,400	
Federal Funds	2,537,000	2,537,000		863,100	863,100		775,000	775,000	
Road Fund	125,000	125,000							
Regular Total Funds	60,858,500	60,858,500		57,131,600	57,131,600		57,828,400	57,828,400	
Use of Continuing									
TOTAL BASE LEVEL	60,858,500	60,858,500		57,131,600	57,131,600		57,828,400	57,828,400	
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
Restricted Funds				4,900,000	4,900,000		5,909,000	5,909,000	
TOTAL ADDITIONAL				4,900,000	4,900,000		5,909,000	5,909,000	
V. ADDITIONAL BUDGET ITEMS									
1 EXPAN COT									
ABR0790001 Provide funding to fill 15 vacant positions.									
Restricted Funds				900,000	900,000		909,000	909,000	
Project Total				900,000	900,000		909,000	909,000	
2 EXPAN COT- Transfer Restricted funds to Capital Budget									
ABR0790004 Provide Restricted funds to support the agencies Capital Budget.									
Restricted Funds				4,000,000	4,000,000		5,000,000	5,000,000	
Project Total				4,000,000	4,000,000		5,000,000	5,000,000	

FB 2006-2008 FINAL BUDGET MEMORANDUM - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY**G - Finance and Administration Cabinet****Operating Budget****Commonwealth Office of Technology**

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
TOTAL ADDITIONAL				4,900,000	4,900,000		5,909,000	5,909,000	

TRANSFERS TO THE GENERAL FUND**Commonwealth Office of Technology**

Agency Revenue Fund
(VETOED BY
GOVERNOR)

1,000,000

TOTAL

Note: Boxed figure denotes enacted amount that was vetoed by the Governor and is not included in the totals.

**Fiscal Biennium 2006-2008
Budget Modification Report**

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Commonwealth Office of Technology

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part I, Operating Budget provides Restricted Funds in the amount of \$900,000 in fiscal year 2006-2007 and \$909,000 in fiscal year 2007-2008 to fill fifteen (15) vacancies and \$4,000,000 in fiscal year 2006-2007 and \$5,000,000 in fiscal year 2007-2008 for a transfer from the Operating Budget to support the agency's Capital Budget.

The State/Executive Branch Budget Bill, Part II, Capital Projects Budget, includes a language provision as follows:

"Transfer of Restricted Funds from Operating Budget: For the major equipment purchases displayed in this section funded from Restricted Funds, it is anticipated that these funds shall be transferred from the Operating Budget as funds are available and needed."

The State/Executive Branch Budget Bill, Part II, Capital Projects Budget, includes nine (9) projects that are reauthorization of projects from previous biennia. Total of reauthorization projects is \$15,160,000 Restricted Funds and \$300,000 Federal Funds.

GENERAL ASSEMBLY

The General Assembly concurs with the Branch with the following changes:

The General Assembly amends the State/Executive Branch Budget Bill, Part I, Operating Budget, to include the following language provision:

"Reporting Requirements: The Commonwealth Office of Technology shall report semiannually to the Interim Joint Committee on Appropriations and Revenue the number of sole-source contracts, amounts awarded for sole-source contracts, and the purposes of the sole-source contracts; and the number of contract employees, the amount expended for contract employees, the projects contract employees worked on, and a justification why state merit employees were not used."

**Fiscal Biennium 2006-2008
Budget Modification Report**

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Commonwealth Office of Technology

The General Assembly amends the State/Executive Branch Budget Bill, Part V, Funds Transfer, to include \$1,000,000 in fiscal year 2007-2008, from Agency Restricted Funds.

The General Assembly amends the State/Executive Branch Budget Bill, Part II, Capital Budget, to include additional Bond Funds of \$83,000 in fiscal year 2006-2007 for the Data Center Readiness project.

The Governor of the Commonwealth vetoes, in part, the following:

Partial Veto # 10 of HB 380 - *"I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky Constitution, do hereby veto the following part:*

Page 85, lines 8 through 13, in their entirety.

This part requires a semiannual report to the Interim Joint Committee on Appropriations and Revenue of contracting information by the Commonwealth Office of Technology. I am vetoing this part because the reporting requirements are redundant of information already provided to the Government Contract Review Committee of the General Assembly."

Partial Veto # 26 of HB 380 - *"I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky Constitution, do hereby veto the following part:*

Page 431, lines 18 through 19, in their entirety.

This part requires that the Commonwealth Office of Technology transfer \$1,000,000 to the General Fund in fiscal year 2007-2008 from its internal service fund. I am vetoing this part because the nature of the internal service fund is to charge state agencies for the costs of the services delivered. This mechanism yields no excess funds, or profits. Due to the billing structure of the fund, transferring \$1,000,000 would result in the Commonwealth Office of Technology overbilling state agencies for the services rendered. Moreover, since a portion of the payments made by state agencies are from, federal funds, this transfer will likely result in an audit finding to which the Commonwealth may have to repay approximately \$200,000 in funds that are unbudgeted."

G - Finance and Administration Cabinet

Capital Budget

Commonwealth Office of Technology

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. CAPITAL PROJECT RECAP BY FUND SOURCE									
Restricted Funds				4,200,000	4,200,001		3,800,000	3,800,000	
Federal Funds				16,166,000	16,166,000				
Bond Funds				14,317,000	14,400,000	83,000			
Investment Income									
TOTAL CAPITAL				34,683,000	34,766,001	83,001	3,800,000	3,800,000	
II. CAPITAL PROJECTS									
1	Update the Public Safety Comm. Infrastructure System - KEWS								
PRJ0791359									
Federal Funds				16,166,000	16,166,000				
Bond Funds				13,000,000	13,000,000				
Project Total				29,166,000	29,166,000				
2	Data Center Readiness								
PRJ0791349									
Bond Funds				1,317,000	1,400,000	83,000			
Project Total				1,317,000	1,400,000	83,000			
3	KY Information Highway 06-08								
PRJ0791350									
Restricted Funds				1,975,000	1,975,000		1,975,000	1,975,000	
Project Total				1,975,000	1,975,000		1,975,000	1,975,000	
4	Enterprise Applications Upgrade								
PRJ0791353									
Restricted Funds				500,000	500,000		500,000	500,000	
Project Total				500,000	500,000		500,000	500,000	
5	Enterprise Server (z/OS) Upgrade/Replacement								
PRJ0791357									
Restricted Funds				800,000	800,000		400,000	400,000	
Project Total				800,000	800,000		400,000	400,000	

G - Finance and Administration Cabinet

Capital Budget

Commonwealth Office of Technology

Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
6 Statewide Digital Orthoimagery Basemap Update 06-08								
PRJ0791358								
Restricted Funds			500,000	500,000		500,000	500,000	
Project Total			500,000	500,000		500,000	500,000	
7 Enterprise Project Management Information System								
PRJ0791368								
Restricted Funds			425,000	425,000		425,000	425,000	
Project Total			425,000	425,000		425,000	425,000	
8 KIH Upgrade Expansion 00 (reauthorization)								
PRJ0792582								
Restricted Funds								
Project Total								
9 Enterprise Server Upgrade Phase I 00 (reauthorization)								
PRJ0792583								
Restricted Funds								
Project Total								
10 Statewide Microwave Network Maint 00 (reauthorization)								
PRJ0792584								
Investment Income								
Project Total								
11 Enterprise Server Upgrade Phase II 00 (reauthorization)								
PRJ0792585								
Restricted Funds								
Project Total								
12 Unified Criminal Justice Info Sys 00 (reauthorization)								
PRJ0792586								
Restricted Funds								
Project Total								
13 Disaster Recovery Phases I & II 04 (reauthorization)								
PRJ0792587								
Restricted Funds								
Project Total								

Capital Budget

Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
<div>14Enterprise Infrastructure Security 04 (reauthorization)</div> <div>PRJ0792588</div> <div>Restricted Funds</div> <div>Project Total</div>								
<div>15KY Info Highway Upgrade Exp 04 (reauthorization)</div> <div>PRJ0792589</div> <div>Restricted Funds</div> <div>Project Total</div>								
<div>16Enterprise Messaging 04 (reauthorization)</div> <div>PRJ0792590</div> <div>Restricted Funds</div> <div>Project Total</div>								
<div>17Statewide Digital Orthoimagery 04 (reauthorization)</div> <div>PRJ0792591</div> <div>Federal Funds</div> <div>Project Total</div>								
<div>18Enterprise Unix Server Cons 04 (reauthorization)</div> <div>PRJ0792592</div> <div>Restricted Funds</div> <div>Project Total</div>								
<div>19Enterprise Server Complex Upgrade 04 (reauthorization)</div> <div>PRJ0792594</div> <div>Restricted Funds</div> <div>Project Total</div>								
<div>20Enterprise Storage Solution 04 (reauthorization)</div> <div>PRJ0792595</div> <div>Restricted Funds</div> <div>Project Total</div>								
<div>21Disk Storage Upgrade 04 (reauthorization)</div> <div>PRJ0792596</div> <div>Restricted Funds</div> <div>Project Total</div>								

G - Finance and Administration Cabinet

Capital Budget

Commonwealth Office of Technology

Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
22 COT 100 Fair Oaks Lease								
PRJ0792580								
Restricted Funds								
Project Total								
23 COT - Printing Genesco Bldg Warehouse Lease								
PRJ0792581								
Restricted Funds								
Project Total								
TOTAL CAPITAL			34,683,000	34,766,001	83,001	3,800,000	3,800,000	

G - Finance and Administration Cabinet

Operating Budget

Revenue

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund (Tobacco)	163,100	163,100		175,000	175,000		175,000	175,000	
General Fund	61,435,900	61,435,900		63,986,000	71,880,000	7,894,000	64,898,400	73,234,300	8,335,900
Restricted Funds	4,517,900	4,517,900		4,381,500	4,381,500		4,378,600	4,378,600	
Road Fund	1,418,000	1,418,000		1,418,000	2,000,000	582,000	1,418,000	2,000,000	582,000
Regular Total Funds	67,534,900	67,534,900		69,960,500	78,436,500	8,476,000	70,870,000	79,787,900	8,917,900
Use of Continuing									
TOTAL FUNDS	67,534,900	67,534,900		69,960,500	78,436,500	8,476,000	70,870,000	79,787,900	8,917,900
II. EXPENDITURE CATEGORY									
Personnel Costs	43,364,600	43,364,600		45,388,700	49,622,400	4,233,700	46,308,900	51,558,800	5,249,900
Operating Expenses	24,170,300	24,170,300		24,571,800	28,814,100	4,242,300	24,561,100	28,229,100	3,668,000
TOTAL EXPENDITURES	67,534,900	67,534,900		69,960,500	78,436,500	8,476,000	70,870,000	79,787,900	8,917,900
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund (Tobacco)	163,100	163,100		175,000	175,000		175,000	175,000	
General Fund	61,435,900	61,435,900		63,785,900	63,203,900	(582,000)	64,688,400	64,106,400	(582,000)
Restricted Funds	4,517,900	4,517,900		4,150,200	4,150,200		4,135,300	4,135,300	
Road Fund	1,418,000	1,418,000		1,418,000	2,000,000	582,000	1,418,000	2,000,000	582,000
Regular Total Funds	67,534,900	67,534,900		69,529,100	69,529,100		70,416,700	70,416,700	
Use of Continuing									
TOTAL BASE LEVEL	67,534,900	67,534,900		69,529,100	69,529,100		70,416,700	70,416,700	
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
General Fund				200,100	8,676,100	8,476,000	210,000	9,127,900	8,917,900
Restricted Funds				231,300	231,300		243,300	243,300	
TOTAL ADDITIONAL				431,400	8,907,400	8,476,000	453,300	9,371,200	8,917,900
V. ADDITIONAL BUDGET ITEMS									
1 EXPAN Revenue									
ABRC30A0001 Provide funding for 11 vacant positions.									
General Fund				200,100	200,100		210,000	210,000	
Restricted Funds				231,300	231,300		243,300	243,300	
Project Total				431,400	431,400		453,300	453,300	

G - Finance and Administration Cabinet

Operating Budget

Revenue									
Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008			
Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	
2 NEW Enhanced Revenue Collection Effort									
ABRC30A0009 Provide additional General Fund for 139 additional staff and operating funds.									
General Fund				8,476,000	8,476,000		8,917,900	8,917,900	
Project Total				8,476,000	8,476,000		8,917,900	8,917,900	
TOTAL ADDITIONAL			431,400	8,907,400	8,476,000	453,300	9,371,200	8,917,900	

TRANSFERS TO THE GENERAL FUND

Revenue		
Agency Revenue Fund	1,000,000	1,000,000
(KRS 45.238(3), 132.320(3), 134.400, 160.6154(2) and 365.390(2))		
TOTAL	1,000,000	1,000,000

**Fiscal Biennium 2006-2008
Budget Modification Report**

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Revenue

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part V, Funds Transfer, includes a transfer from the Department of Revenue, Restricted Funds of \$1,000,000 in fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part X, Phase I Tobacco Settlement, provides \$175,000 each fiscal year for the enforcement of the cigarette tax stamps.

The State/Executive Branch Budget Bill, Part I, Operating Budget includes language provisions that direct:

"Insurance Surcharge Rate: Pursuant to KRS 136.392, the insurance surcharge rate shall be calculated at a rate to provide sufficient funds in the 2006-2008 fiscal biennium for the Firefighters Foundation Program Fund and the Kentucky Law Enforcement Foundation Program Fund. The calculation of sufficient funds for the above-named programs shall include any Restricted Funds carried forward from fiscal years 2005-2006 and 2006-2007 provided by the General Assembly in this Act."

"Road Fund Compliance and Motor Vehicle Property Tax Programs: The above Road Fund appropriation in each fiscal year represents the cost of the Road Fund Compliance and Motor Vehicle Property Tax Programs within the Department of Revenue and is to be used exclusively for that purpose."

"Operations of Revenue: Notwithstanding KRS 132.672 and 365.390(2), funds may be expended in support of the operations of the Department of Revenue."

The State/Executive Branch Budget, Part I, Operating Budget provides General Fund of \$200,100 in fiscal year 2006-2007 and \$210,000 in fiscal year 2007-2008, and Restricted Funds of \$231,300 in fiscal year 2006-2007 and \$243,300 in fiscal year 2007-2008 to fill eleven (11) vacant positions.

**Fiscal Biennium 2006-2008
Budget Modification Report**

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Revenue

GENERAL ASSEMBLY

The General Assembly concurs with the Branch with the following changes:

The General Assembly provides General Fund support totaling \$8,476,000 in fiscal year 2006-2007 and \$8,917,900 in fiscal year 2007-2008 for the Enhanced Revenue Collection Effort.

The General Assembly provides additional Road Fund support of \$232,000 in each fiscal year and reduces General Fund support by the same amount each fiscal year.

The General Assembly amends the State/Executive Branch Budget Bill, Part I, Operating Budget, to include the following language provision:

"Debt Collection Fee Distribution: Notwithstanding KRS 45.238(3), 45.240(3) and 45.241(7)(b), the Secretary of the Finance and Administration Cabinet may determine, on an equitable basis, that all or a portion of any debt or improper payment recovered by the Department of Revenue pursuant to the provisions of KRS 45.237, 45.238 and 45.241 may be returned to the agency certifying the debt or improper payment or to the Court of Justice for allocation as otherwise provided by law. The Department of Revenue may promulgate an administrative regulation pursuant to KRS Chapter 13A to establish criteria to administer the provisions of this section."

G - Finance and Administration Cabinet

Capital Budget

Revenue

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. CAPITAL PROJECT RECAP BY FUND SOURCE									
General Fund									
Federal Funds				1,250,000	1,250,000				
Road Fund				1,250,000	1,250,000				
Bond Funds				23,250,000	23,250,000				
TOTAL CAPITAL				25,750,000	25,750,000				
II. CAPITAL PROJECTS									
1	Implement a Comprehensive Tax System - Phase I								
PRJC30A1337									
Bond Funds				23,250,000	23,250,000				
Project Total				23,250,000	23,250,000				
2	Motor Fuels Tax Automation								
PRJC30A1338									
Federal Funds				1,250,000	1,250,000				
Road Fund				1,250,000	1,250,000				
Project Total				2,500,000	2,500,000				
3	Franklin County- Lease 100 Fair Oaks								
PRJC30A2570									
General Fund									
Project Total									
4	Franklin County- Lease Perimeter Park West								
PRJC30A2568									
General Fund									
Project Total									
5	Franklin County- Lease 200 Fair Oaks								
PRJC30A2569									
General Fund									
Project Total									
TOTAL CAPITAL				25,750,000	25,750,000				

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G - Finance and Administration Cabinet

Operating Budget

Property Valuation Administrators

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	31,769,300	31,769,300		31,769,300	32,769,300	1,000,000	31,769,300	33,399,300	1,630,000
Restricted Funds	3,510,000	3,510,000		4,319,400	4,319,400		4,319,400	4,319,400	
Regular Total Funds	35,279,300	35,279,300		36,088,700	37,088,700	1,000,000	36,088,700	37,718,700	1,630,000
Use of Continuing									
TOTAL FUNDS	35,279,300	35,279,300		36,088,700	37,088,700	1,000,000	36,088,700	37,718,700	1,630,000
II. EXPENDITURE CATEGORY									
Personnel Costs	34,847,300	34,847,300		35,656,700	36,656,700	1,000,000	35,656,700	37,286,700	1,630,000
Operating Expenses	432,000	432,000		432,000	432,000		432,000	432,000	
TOTAL EXPENDITURES	35,279,300	35,279,300		36,088,700	37,088,700	1,000,000	36,088,700	37,718,700	1,630,000
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	31,769,300	31,769,300		31,769,300	31,769,300		31,769,300	31,769,300	
Restricted Funds	3,510,000	3,510,000		3,510,000	3,510,000		3,510,000	3,510,000	
Regular Total Funds	35,279,300	35,279,300		35,279,300	35,279,300		35,279,300	35,279,300	
Use of Continuing									
TOTAL BASE LEVEL	35,279,300	35,279,300		35,279,300	35,279,300		35,279,300	35,279,300	
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
General Fund					1,000,000	1,000,000		1,630,000	1,630,000
Restricted Funds				809,400	809,400		809,400	809,400	
TOTAL ADDITIONAL				809,400	1,809,400	1,000,000	809,400	2,439,400	1,630,000
V. ADDITIONAL BUDGET ITEMS									
1 EXPAN Property Valuation Administrators									
ABRC30B0001 Provide additional funding for the PVAs.									
General Fund					1,000,000	1,000,000		1,630,000	1,630,000
Restricted Funds				809,400	809,400		809,400	809,400	
Project Total				809,400	1,809,400	1,000,000	809,400	2,439,400	1,630,000
TOTAL ADDITIONAL				809,400	1,809,400	1,000,000	809,400	2,439,400	1,630,000

**Fiscal Biennium 2006-2008
Budget Modification Report**

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Property Valuation Administrators

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part I, Operating Budget includes a language provision that directs:

"Management of Expenditures: Notwithstanding KRS 132.590 and 132.597, the property valuation administrators are authorized to take necessary actions to manage expenditures within the appropriated amounts contained in this Act."

The State/Executive Branch Budget Bill, Part I, Operating Budget includes additional Restricted Fund appropriation of \$809,400 in each fiscal year for the Property Valuation Administrators.

GENERAL ASSEMBLY

The General Assembly concurs with the Branch with the following change:

The General Assembly provides additional General Fund support totaling \$1,000,000 in fiscal year 2006-2007 and \$1,630,000 in fiscal year 2007-2008 for additional funding for the Property Valuation Administrators.

**Fiscal Biennium 2006-2008
Budget Modification Report**

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KY Lottery Corporation

BRANCH BUDGET

The State/Executive Branch Budget Bill, Part II, Capital Projects Budget, includes five (5) projects for authorization by the 2006 General Assembly.

GENERAL ASSEMBLY

The General Assembly concurs with the Branch.

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G - Finance and Administration Cabinet

Capital Budget

Kentucky Lottery Corporation

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. CAPITAL PROJECT RECAP BY FUND SOURCE									
Other Funds				20,750,000	20,750,000		3,000,000	3,000,000	
TOTAL CAPITAL				20,750,000	20,750,000		3,000,000	3,000,000	
II. CAPITAL PROJECTS									
1	Potential Buyout of On-line Gaming System								
PRJ0811502									
Other Funds				12,250,000	12,250,000				
Project Total				12,250,000	12,250,000				
2	Purchase of Data Processing, Telecomm, and related equipment								
PRJ0811500									
Other Funds				3,000,000	3,000,000		3,000,000	3,000,000	
Project Total				3,000,000	3,000,000		3,000,000	3,000,000	
3	iSeries System Upgrades								
PRJ0811501									
Other Funds				1,000,000	1,000,000				
Project Total				1,000,000	1,000,000				
4	Network Storage and Associated Infrastructure								
PRJ0811498									
Other Funds				500,000	500,000				
Project Total				500,000	500,000				
5	Contingency purchase of property adjacent to new headqtrs								
PRJ0811499									
Other Funds				4,000,000	4,000,000				
Project Total				4,000,000	4,000,000				
TOTAL CAPITAL				20,750,000	20,750,000		3,000,000	3,000,000	

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G - Finance and Administration Cabinet

Operating Budget

Finance and Administration

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
TRANSFERS TO THE GENERAL FUND									
Finance and Administration									
Capital Construction and Equipment Purchase Contingency Fund (KRS 45.770)				2,000,000	2,000,000				
Capital Construction Investment Income (KRS 42.500)				5,000,000	6,200,000	1,200,000	5,000,000	5,330,000	330,000
Statewide Deferred Maintenance Fund (KRS 45.782)					332,000	332,000			
Capital Construction Emergency Repair and Maintenance Fund (KRS 45.780)					1,000,000	1,000,000			
TOTAL				7,000,000	9,532,000	2,532,000	5,000,000	5,330,000	330,000

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Health and Family Services Cabinet

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Health and Family Services Cabinet

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FB 2006-2008 FINAL BUDGET MEMORANDUM - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY

HEALTH AND FAMILY SERVICES CABINET OPERATING BUDGET

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
TOTAL FUNDS									
REGULAR APPROPRIATIONS SUMMARY BY APPROPRIATION UNIT									
General Administration and Program Support	90,412,200	90,412,200		87,411,800	89,461,800	2,050,000	86,595,900	88,425,900	1,830,000
Children with Special Health Care Needs	16,931,100	16,931,100		17,222,600	17,222,600		17,421,400	17,421,400	
Medicaid Administration	130,956,300	130,956,300		108,902,900	108,902,900		96,101,100	96,101,100	
Medicaid Benefits	4,569,096,500	4,569,096,500		4,511,860,700	4,485,909,600	(25,951,100)	4,669,532,300	4,642,183,000	(27,349,300)
Mental Health/Mental Retardation Services	415,185,100	415,185,100		435,630,000	438,427,400	2,797,400	446,633,600	449,390,100	2,756,500
Public Health	322,221,900	322,221,900		319,792,300	325,809,300	6,017,000	323,329,500	330,021,500	6,692,000
Health Policy	1,212,200	1,212,200		1,241,700	1,241,700		1,248,000	1,248,000	
Human Support Services	55,730,700	55,730,700		57,120,800	66,681,700	9,560,900	57,661,200	70,806,900	13,145,700
Ombudsman	5,904,300	5,904,300		5,822,000	5,822,000		5,767,400	5,767,400	
Disability Determination Services	44,758,000	44,758,000		49,449,800	48,649,800	(800,000)	51,040,700	50,240,700	(800,000)
Community Based Services	951,698,100	951,698,100		972,954,700	967,627,900	(5,326,800)	1,000,154,000	1,008,681,800	8,527,800
Regular Appropriation	6,604,106,400	6,604,106,400		6,567,409,300	6,555,756,700	(11,652,600)	6,755,485,100	6,760,287,800	4,802,700

FB 2006-2008 FINAL BUDGET MEMORANDUM - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY

HEALTH AND FAMILY SERVICES CABINET OPERATING BUDGET

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
GENERAL FUND (TOBACCO)									
REGULAR APPROPRIATIONS SUMMARY BY APPROPRIATION UNIT									
Children with Special Health Care Needs	302,100	302,100		312,100	312,100		352,000	352,000	
Mental Health/Mental Retardation Services	900,000	900,000		800,000	800,000		800,000	800,000	
Public Health	16,495,800	16,495,800		14,000,900	14,000,900		14,721,100	14,721,100	
Human Support Services				100,000	100,000		100,000	100,000	
Community Based Services	7,259,400	7,259,400		6,970,400	6,970,400		7,420,400	7,420,400	
Regular Appropriation	24,957,300	24,957,300		22,183,400	22,183,400		23,393,500	23,393,500	

GENERAL FUND (TOBACCO)

CONTINUED RESERVE SPENDING SUMMARY BY APPROPRIATION UNIT

Community Based Services	127,400	127,400	
Children with Special Health Care Needs	48,700	48,700	
Public Health	2,651,900	2,651,900	
Reserve Spending	2,828,000	2,828,000	

FB 2006-2008 FINAL BUDGET MEMORANDUM - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY

HEALTH AND FAMILY SERVICES CABINET OPERATING BUDGET

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
GENERAL FUND									
REGULAR APPROPRIATIONS SUMMARY BY APPROPRIATION UNIT									
General Administration and Program Support	35,887,900	35,887,900		33,965,700	35,015,700	1,050,000	33,770,000	34,600,000	830,000
Children with Special Health Care Needs	5,491,900	5,491,900		5,835,400	5,835,400		5,917,000	5,917,000	
Medicaid Administration	34,403,700	34,403,700		37,882,400	37,882,400		36,441,700	36,441,700	
Medicaid Benefits	993,496,600	993,496,600		1,014,677,900	1,001,577,900	(13,100,000)	1,055,658,600	1,041,097,000	(14,561,600)
Mental Health/Mental Retardation Services	168,769,100	168,769,100		182,957,800	185,755,200	2,797,400	191,361,100	194,117,600	2,756,500
Public Health	65,946,900	65,946,900		64,882,700	70,899,700	6,017,000	67,131,000	73,823,000	6,692,000
Health Policy	632,700	632,700		636,000	636,000		625,600	625,600	
Human Support Services	30,455,900	30,455,900		31,967,500	41,528,400	9,560,900	32,502,700	45,648,400	13,145,700
Ombudsman	3,619,500	3,619,500		3,568,400	3,568,400		3,534,400	3,534,400	
Community Based Services	307,125,300	307,125,300		314,483,500	316,033,500	1,550,000	331,009,300	341,729,700	10,720,400
Regular Appropriation	1,645,829,500	1,645,829,500		1,690,857,300	1,698,732,600	7,875,300	1,757,951,400	1,777,534,400	19,583,000

GENERAL FUND

CONTINUED RESERVE SPENDING SUMMARY BY APPROPRIATION UNIT

Medicaid Benefits	(3,264,000)	(3,264,000)		876,700	876,700		2,387,300	2,387,300	
Reserve Spending	(3,264,000)	(3,264,000)		876,700	876,700		2,387,300	2,387,300	

FB 2006-2008 FINAL BUDGET MEMORANDUM - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY

HEALTH AND FAMILY SERVICES CABINET OPERATING BUDGET

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
RESTRICTED FUNDS									
REGULAR APPROPRIATIONS SUMMARY BY APPROPRIATION UNIT									
General Administration and Program Support	11,005,800	11,005,800		11,405,400	11,405,400		11,417,500	11,417,500	
Children with Special Health Care Needs	6,669,700	6,669,700		6,696,100	6,696,100		6,773,400	6,773,400	
Medicaid Administration	18,306,000	18,306,000		14,075,000	14,075,000		13,080,000	13,080,000	
Medicaid Benefits	404,836,900	404,836,900		383,400,500	383,400,500		388,805,100	388,805,100	
Mental Health/Mental Retardation Services	202,713,500	202,713,500		207,572,000	207,572,000		210,790,500	210,790,500	
Public Health	71,297,500	71,297,500		71,482,700	71,482,700		71,599,000	71,599,000	
Health Policy	579,500	579,500		605,700	605,700		622,400	622,400	
Human Support Services	825,900	825,900		656,600	656,600		656,600	656,600	
Ombudsman	50,000	50,000		50,000	50,000		50,000	50,000	
Disability Determination Services	65,800	65,800		65,800	65,800		65,800	65,800	
Community Based Services	122,699,400	122,699,400		133,505,800	133,505,800		136,301,300	136,301,300	
Regular Appropriation	839,050,000	839,050,000		829,515,600	829,515,600		840,161,600	840,161,600	

FB 2006-2008 FINAL BUDGET MEMORANDUM - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY

HEALTH AND FAMILY SERVICES CABINET OPERATING BUDGET

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
FEDERAL FUNDS									
REGULAR APPROPRIATIONS SUMMARY BY APPROPRIATION UNIT									
General Administration and Program Support	43,518,500	43,518,500		42,040,700	43,040,700	1,000,000	41,408,400	42,408,400	1,000,000
Children with Special Health Care Needs	4,467,400	4,467,400		4,379,000	4,379,000		4,379,000	4,379,000	
Medicaid Administration	78,246,600	78,246,600		56,945,500	56,945,500		46,579,400	46,579,400	
Medicaid Benefits	3,170,763,000	3,170,763,000		3,113,782,300	3,100,931,200	(12,851,100)	3,225,068,600	3,212,280,900	(12,787,700)
Mental Health/Mental Retardation Services	42,802,500	42,802,500		44,300,200	44,300,200		43,682,000	43,682,000	
Public Health	168,481,700	168,481,700		169,426,000	169,426,000		169,878,400	169,878,400	
Human Support Services	24,448,900	24,448,900		24,396,700	24,396,700		24,401,900	24,401,900	
Ombudsman	2,234,800	2,234,800		2,203,600	2,203,600		2,183,000	2,183,000	
Disability Determination Services	44,692,200	44,692,200		49,384,000	48,584,000	(800,000)	50,974,900	50,174,900	(800,000)
Community Based Services	514,614,000	514,614,000		517,995,000	511,118,200	(6,876,800)	525,423,000	523,230,400	(2,192,600)
Regular Appropriation	4,094,269,600	4,094,269,600		4,024,853,000	4,005,325,100	(19,527,900)	4,133,978,600	4,119,198,300	(14,780,300)

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H - Health and Family Services Cabinet

Operating Budget

Summary Totals

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund (Tobacco)	24,957,300	24,957,300		22,183,400	22,183,400		23,393,500	23,393,500	
General Fund	1,645,829,500	1,645,829,500		1,690,857,300	1,698,732,600	7,875,300	1,757,951,400	1,777,534,400	19,583,000
Restricted Funds	839,050,000	839,050,000		829,515,600	829,515,600		840,161,600	840,161,600	
Federal Funds	4,094,269,600	4,094,269,600		4,024,853,000	4,005,325,100	(19,527,900)	4,133,978,600	4,119,198,300	(14,780,300)
Regular Total Funds	6,604,106,400	6,604,106,400		6,567,409,300	6,555,756,700	(11,652,600)	6,755,485,100	6,760,287,800	4,802,700
Use of Continuing	2,828,000	(436,000)	(3,264,000)		876,700	876,700		2,387,300	2,387,300
TOTAL FUNDS	6,606,934,400	6,603,670,400	(3,264,000)	6,567,409,300	6,556,633,400	(10,775,900)	6,755,485,100	6,762,675,100	7,190,000

II. EXPENDITURE CATEGORY

Personnel Costs	650,262,400	650,262,400		635,081,600	637,171,600	2,090,000	629,327,200	631,417,200	2,090,000
Operating Expenses	130,449,900	130,449,900		124,752,400	124,852,400	100,000	127,130,200	127,180,200	50,000
Grants, Loans, Benefits	5,826,026,800	5,822,762,800	(3,264,000)	5,807,380,000	5,794,414,100	(12,965,900)	5,998,200,400	6,002,614,400	4,414,000
Debt Service							632,000	1,268,000	636,000
Capital Outlay	195,300	195,300		195,300	195,300		195,300	195,300	
TOTAL EXPENDITURES	6,606,934,400	6,603,670,400	(3,264,000)	6,567,409,300	6,556,633,400	(10,775,900)	6,755,485,100	6,762,675,100	7,190,000

III. BASE LEVEL BUDGET BY FUND SOURCE

General Fund (Tobacco)	24,957,300	24,957,300		22,183,400	22,183,400		23,393,500	23,393,500	
General Fund	1,560,529,500	1,560,529,500		1,554,697,500	1,536,144,300	(18,553,200)	1,551,498,700	1,532,478,800	(19,019,900)
Restricted Funds	833,478,100	833,478,100		816,980,600	812,020,600	(4,960,000)	829,639,500	821,639,500	(8,000,000)
Federal Funds	3,849,955,400	3,849,955,400		3,805,417,700	3,782,062,600	(23,355,100)	3,789,233,100	3,768,954,800	(20,278,300)
Regular Total Funds	6,268,920,300	6,268,920,300		6,199,279,200	6,152,410,900	(46,868,300)	6,193,764,800	6,146,466,600	(47,298,200)
Use of Continuing	2,828,000	(436,000)	(3,264,000)		876,700	876,700		2,387,300	2,387,300
TOTAL BASE LEVEL	6,271,748,300	6,268,484,300	(3,264,000)	6,199,279,200	6,153,287,600	(45,991,600)	6,193,764,800	6,148,853,900	(44,910,900)

IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE

General Fund	85,300,000	85,300,000		136,159,800	162,588,300	26,428,500	206,452,700	245,055,600	38,602,900
Restricted Funds	5,571,900	5,571,900		12,535,000	17,495,000	4,960,000	10,522,100	18,522,100	8,000,000
Federal Funds	244,314,200	244,314,200		219,435,300	223,262,500	3,827,200	344,745,500	350,243,500	5,498,000
TOTAL ADDITIONAL	335,186,100	335,186,100		368,130,100	403,345,800	35,215,700	561,720,300	613,821,200	52,100,900

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H - Health and Family Services Cabinet

Capital Budget

Summary Totals

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. CAPITAL PROJECT RECAP BY FUND SOURCE									
General Fund									
Restricted Funds					400,000	400,000			
Federal Funds				3,534,000	3,134,000	(400,000)			
Bond Funds				5,146,000	23,515,000	18,369,000			
Capital Construction Surplus				700,000	700,000				
Investment Income				1,500,000	1,500,000		1,500,000	1,500,000	
TOTAL CAPITAL				10,880,000	29,249,000	18,369,000	1,500,000	1,500,000	

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H - Health and Family Services Cabinet

Operating Budget

General Administration and Program Support

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	35,887,900	35,887,900		33,965,700	35,015,700	1,050,000	33,770,000	34,600,000	830,000
Restricted Funds	11,005,800	11,005,800		11,405,400	11,405,400		11,417,500	11,417,500	
Federal Funds	43,518,500	43,518,500		42,040,700	43,040,700	1,000,000	41,408,400	42,408,400	1,000,000
Regular Total Funds	90,412,200	90,412,200		87,411,800	89,461,800	2,050,000	86,595,900	88,425,900	1,830,000
Use of Continuing									
TOTAL FUNDS	90,412,200	90,412,200		87,411,800	89,461,800	2,050,000	86,595,900	88,425,900	1,830,000
II. EXPENDITURE CATEGORY									
Personnel Costs	57,167,300	57,167,300		56,314,300	58,314,300	2,000,000	55,058,400	57,058,400	2,000,000
Operating Expenses	33,244,900	33,244,900		31,097,500	31,147,500	50,000	31,097,500	31,147,500	50,000
Debt Service							440,000	220,000	(220,000)
TOTAL EXPENDITURES	90,412,200	90,412,200		87,411,800	89,461,800	2,050,000	86,595,900	88,425,900	1,830,000
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	35,887,900	35,887,900		33,965,700	33,965,700		33,330,000	33,330,000	
Restricted Funds	10,555,800	10,555,800		11,002,500	11,002,500		11,002,500	11,002,500	
Federal Funds	43,518,500	43,518,500		41,100,700	41,100,700		40,439,800	40,439,800	
Regular Total Funds	89,962,200	89,962,200		86,068,900	86,068,900		84,772,300	84,772,300	
Use of Continuing									
TOTAL BASE LEVEL	89,962,200	89,962,200		86,068,900	86,068,900		84,772,300	84,772,300	
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
General Fund					1,050,000	1,050,000	440,000	1,270,000	830,000
Restricted Funds	450,000	450,000		402,900	402,900		415,000	415,000	
Federal Funds				940,000	1,940,000	1,000,000	968,600	1,968,600	1,000,000
TOTAL ADDITIONAL	450,000	450,000		1,342,900	3,392,900	2,050,000	1,823,600	3,653,600	1,830,000
V. ADDITIONAL BUDGET ITEMS									
1 NEW APS eMARS interface									
ABR7210005 eMARS implementation cost to be incurred prior to the end of FY 2005-2006.									
Restricted Funds	450,000	450,000							
Project Total	450,000	450,000							

H - Health and Family Services Cabinet**Operating Budget****General Administration and Program Support**

			Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
			Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
2	GB	OIG - Public Assistance Fraud Investigations									
ABR7210002			Provide funds to support 17 vacant positions.								
Restricted Funds						402,900	402,900		415,000	415,000	
Federal Funds						940,000	940,000		968,600	968,600	
Project Total						1,342,900	1,342,900		1,383,600	1,383,600	
3	GB	APS - Telehealth and e-Health Board									
ABR7210003			Provide General Fund for cabinet support to the KY Telehealth Network and the KY e-Health Network Board.								
General Fund							50,000	50,000		50,000	50,000
Project Total							50,000	50,000		50,000	50,000
4	N/A	APS - Debt Services for TWIST Project									
ABR7210004			Provide funds to support 1/2 year debt service in second year for \$3,134,000 Bond Funds for TWIST Project Phase II.								
General Fund									440,000	220,000	(220,000)
Project Total									440,000	220,000	(220,000)
5	NEW	OIG Additional Fraud Investigators									
ABR7210006			Provide funds to support 34 new investigators to identify fraud, waste and abuse.								
General Fund							1,000,000	1,000,000		1,000,000	1,000,000
Federal Funds							1,000,000	1,000,000		1,000,000	1,000,000
Project Total							2,000,000	2,000,000		2,000,000	2,000,000
TOTAL ADDITIONAL			450,000	450,000		1,342,900	3,392,900	2,050,000	1,823,600	3,653,600	1,830,000

TRANSFERS TO THE GENERAL FUND**General Administration and Program Support**

Agency Revenue Fund (KRS 212.025(2))	5,723,000	5,723,000							
Malt Beverage Education Fund	350,000	350,000		350,000	350,000		350,000	350,000	
TOTAL	6,073,000	6,073,000		350,000	350,000		350,000	350,000	

**Fiscal Biennium 2006-2008
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General Administration and Program Support

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part V, Funds Transfer, includes transfers from General Administration and Program Support, Restricted Funds of \$5,723,000 in fiscal year 2005-2006, and from the Malt Beverage Educational Fund, Restricted Funds of \$350,000 in fiscal year 2005-2006, \$350,000 in fiscal year 2006-2007 and \$350,000 in fiscal year 2007-2008.

The State/Executive Branch Budget Bill, Part I, Operating Budget includes language provisions that direct:

"Maximizing Federal Funds: Pursuant to compliance with the State/Executive Branch Budget Bill and the Statutory Budget Memorandum, the Cabinet for Health and Family Services shall maximize Federal Funds for programs within the Cabinet."

"Human Services Transportation Delivery: Notwithstanding KRS 281.014, the Kentucky Works Program shall not participate in the Human Services Transportation Delivery Program or the Coordinated Transportation Advisory Committee."

"Debt Service: Included in the above General Fund appropriation is \$440,000 in fiscal year 2007-2008 for debt service for new bonds as set forth in Part II, Capital Projects Budget, of this Act."

The State/Executive Branch Budget Bill, Part II, Capital Projects Budget, includes funding in fiscal year 2006-2007 of \$3,134,000 Federal Funds and \$3,134,000 Bond Funds for the Safeguarding Children at Risk (TWIST Re-Write II) project.

GENERAL ASSEMBLY

The General Assembly concurs with the Branch with the following changes:

The General Assembly amends the State/Executive Branch Budget Bill, Part I, Operating Budget, to include the following language provisions:

**Fiscal Biennium 2006-2008
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General Administration and Program Support

"Federally Funded Positions: Notwithstanding KRS 18A.010(2) and any provisions of this Act to the contrary, direct service units of the Office of Inspector General, Department for Human Support Services, Commission for Children with Special Health Care Needs, Department for Disability Determination Services, Department for Community Based Services, Department for Medicaid Services, Department for Mental Health/Mental Retardation Services, and the Department for Public Health shall be authorized to establish and fill such positions as are 100 percent federally funded for salary and fringe benefits."

"Debt Service: Included in the above General Fund appropriation is \$220,000 in fiscal year 2007-2008 for debt service for new bonds as set forth in Part II, Capital Projects Budget, of this Act."

The General Assembly adds \$50,000 General Fund in fiscal year 2006-2007 and \$50,000 General Fund in fiscal year 2007-2008 to support the Telehealth and e-Health Boards operations.

The General Assembly adds in Part I, Operating Budget, General Fund support of \$1,000,000 and Federal Funds of \$1,000,000 in each fiscal year to support 34 additional personnel in the Office of the Inspector General to reduce fraud and abuse in federal programs.

H - Health and Family Services Cabinet**Capital Budget****General Administration and Program Support**

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. CAPITAL PROJECT RECAP BY FUND SOURCE									
Federal Funds				3,134,000	3,134,000				
Bond Funds				3,134,000	3,134,000				
TOTAL CAPITAL				6,268,000	6,268,000				
II. CAPITAL PROJECTS									
1	Safeguarding Children at Risk (TWIST Rewrite II)								
PRJ7212558									
Federal Funds				3,134,000	3,134,000				
Bond Funds				3,134,000	3,134,000				
Project Total				6,268,000	6,268,000				
TOTAL CAPITAL				6,268,000	6,268,000				

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H - Health and Family Services Cabinet

Operating Budget

Children with Special Health Care Needs

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund (Tobacco)	302,100	302,100		312,100	312,100		352,000	352,000	
General Fund	5,491,900	5,491,900		5,835,400	5,835,400		5,917,000	5,917,000	
Restricted Funds	6,669,700	6,669,700		6,696,100	6,696,100		6,773,400	6,773,400	
Federal Funds	4,467,400	4,467,400		4,379,000	4,379,000		4,379,000	4,379,000	
Regular Total Funds	16,931,100	16,931,100		17,222,600	17,222,600		17,421,400	17,421,400	
Use of Continuing	48,700	48,700							
TOTAL FUNDS	16,979,800	16,979,800		17,222,600	17,222,600		17,421,400	17,421,400	
II. EXPENDITURE CATEGORY									
Personnel Costs	9,175,300	9,175,300		9,456,800	9,456,800		9,615,700	9,615,700	
Operating Expenses	1,487,900	1,487,900		1,487,900	1,487,900		1,487,900	1,487,900	
Grants, Loans, Benefits	6,316,600	6,316,600		6,277,900	6,277,900		6,317,800	6,317,800	
TOTAL EXPENDITURES	16,979,800	16,979,800		17,222,600	17,222,600		17,421,400	17,421,400	
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund (Tobacco)	302,100	302,100		312,100	312,100		352,000	352,000	
General Fund	5,491,900	5,491,900		5,835,400	5,835,400		5,917,000	5,917,000	
Restricted Funds	6,669,700	6,669,700		6,696,100	6,696,100		6,773,400	6,773,400	
Federal Funds	4,467,400	4,467,400		4,379,000	4,379,000		4,379,000	4,379,000	
Regular Total Funds	16,931,100	16,931,100		17,222,600	17,222,600		17,421,400	17,421,400	
Use of Continuing	48,700	48,700							
TOTAL BASE LEVEL	16,979,800	16,979,800		17,222,600	17,222,600		17,421,400	17,421,400	
TRANSFERS TO THE GENERAL FUND									
Children with Special Health Care Needs									
Agency Revenue Fund (KRS 212.025(2))	500	500							
TOTAL	500	500							

**Fiscal Biennium 2006-2008
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Commission for Children with Special Health Care Needs

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part V, Funds Transfer, includes a transfer from the Children with Special Health Care Needs, Restricted Funds of \$500 in fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part I, Operating Budget includes a language provision that directs:

"Tobacco Settlement Funds: Included in the above General Fund (Tobacco) appropriation is \$310,100 in fiscal year 2006-2007 and \$350,000 in fiscal year 2007-2008 for Universal Newborn Hearing Screening and \$2,000 in each fiscal year for Vision Screening."

The State/Executive Branch Budget Bill, Part X, Phase I Tobacco Settlement includes language that directs the following reductions in the fiscal year 2005-06 appropriation to the Commission for Children with Special Health Care Needs: Universal Newborn Hearing Screening - \$104,000, Universal Newborn Vision Screening - \$5,000.

The State/Executive Branch Budget Bill, Part X, Phase I Tobacco Settlement includes language that directs:

"Universal Newborn Hearing Screening and Vision Screening: Included in the above General Fund (Tobacco) appropriation is \$310,100 in fiscal year 2006-2007 and \$350,000 in fiscal year 2007-2008 for Universal Newborn Hearing Screening and \$2,000 in each fiscal year for Vision Screening."

GENERAL ASSEMBLY

The General Assembly concurs with the Branch.

H - Health and Family Services Cabinet

Operating Budget

Medicaid Administration

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	34,403,700	34,403,700		37,882,400	37,882,400		36,441,700	36,441,700	
Restricted Funds	18,306,000	18,306,000		14,075,000	14,075,000		13,080,000	13,080,000	
Federal Funds	78,246,600	78,246,600		56,945,500	56,945,500		46,579,400	46,579,400	
Regular Total Funds	130,956,300	130,956,300		108,902,900	108,902,900		96,101,100	96,101,100	
Use of Continuing									
TOTAL FUNDS	130,956,300	130,956,300		108,902,900	108,902,900		96,101,100	96,101,100	
II. EXPENDITURE CATEGORY									
Personnel Costs	103,185,700	103,185,700		77,438,500	77,438,500		64,340,000	64,340,000	
Operating Expenses	2,358,900	2,358,900		1,280,600	1,280,600		1,274,500	1,274,500	
Grants, Loans, Benefits	25,411,700	25,411,700		30,183,800	30,183,800		30,486,600	30,486,600	
TOTAL EXPENDITURES	130,956,300	130,956,300		108,902,900	108,902,900		96,101,100	96,101,100	
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	17,204,800	17,204,800		17,204,800	17,204,800		17,204,800	17,204,800	
Restricted Funds	18,306,000	18,306,000		14,075,000	14,075,000		13,080,000	13,080,000	
Federal Funds	53,975,600	53,975,600		32,081,800	32,081,800		31,107,600	31,107,600	
Regular Total Funds	89,486,400	89,486,400		63,361,600	63,361,600		61,392,400	61,392,400	
Use of Continuing									
TOTAL BASE LEVEL	89,486,400	89,486,400		63,361,600	63,361,600		61,392,400	61,392,400	
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
General Fund	17,198,900	17,198,900		20,677,600	20,677,600		19,236,900	19,236,900	
Federal Funds	24,271,000	24,271,000		24,863,700	24,863,700		15,471,800	15,471,800	
TOTAL ADDITIONAL	41,469,900	41,469,900		45,541,300	45,541,300		34,708,700	34,708,700	
V. ADDITIONAL BUDGET ITEMS									
1 EXPAN Medicaid Administration Contracts									
ABR7460003	Provide funds for the Ky Medicaid Administrative Agent, Pharmacy Benefits Administrator and Medicaid Management Information System contracts.								
General Fund	17,198,900	17,198,900		20,677,600	20,677,600		19,236,900	19,236,900	
Federal Funds	24,271,000	24,271,000		24,863,700	24,863,700		15,471,800	15,471,800	
Project Total	41,469,900	41,469,900		45,541,300	45,541,300		34,708,700	34,708,700	
TOTAL ADDITIONAL	41,469,900	41,469,900		45,541,300	45,541,300		34,708,700	34,708,700	

**Fiscal Biennium 2006-2008
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Medicaid Administration

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part I, Operating Budget includes additional funding support totaling \$17,198,900 in General Fund and \$24,271,000 in Federal Funds in fiscal year 2005-2006; \$20,677,600 in General Fund and \$24,863,700 in Federal Funds in fiscal year 2006-2007; and, \$19,236,900 in General Fund and \$15,471,800 in Federal Funds in fiscal year 2007-2008 to continue Medicaid Modernization and fund contracts for the Kentucky Medicaid Administrative Agent (KMAA), Pharmacy Benefits Administrator (PBA) and the Medicaid Management Information System (MMIS).

The State/Executive Branch Budget Bill, Part I, Operating Budget includes funding totaling \$32,309,100 in fiscal year 2006-2007 and \$32,714,500 in fiscal year 2007-2008 to support the Medicaid Eligibility Determination contract with Community Based Services.

The State/Executive Branch Budget Bill, Part I, Operating Budget includes the following language provisions that direct:

"Transfer of Excess Administrative Funds for Medicaid Benefits: If any portion of the above General Fund appropriation in either fiscal year is deemed to be in excess of the necessary expenses for administration of the Department, the amount may be used for Medicaid Benefits, in accordance with statutes governing the functions and activities of the Department for Medicaid Services. In no instance shall these excess funds be used without prior written approval of the State Budget Director to:

- (a) Establish a new program;
- (b) Expand the services of an existing program; or
- (c) Increase rates or payment levels in an existing program.

Any transfer authorized under this section shall be approved by the Secretary of the Finance and Administration Cabinet upon recommendation of the State Budget Director."

"Medicaid Service Category Expenditure Information: No Medicaid managed care contract shall be valid, and no payment to a Medicaid managed care vendor by the Finance and Administration Cabinet or the Cabinet for Health and Family Services shall be made, unless the Medicaid managed care contract contains a provision that the contractor shall collect Medicaid expenditure data by

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Medicaid Administration

the categories of services paid for by the Medicaid Program. Actual statewide Medicaid expenditure data by all categories of Medicaid services, including mandated and optional Medicaid services, special expenditures/offsets, and Disproportionate Share Hospital payments by type of hospital, shall be compiled by the Department for Medicaid Services for all Medicaid providers and forwarded to the Interim Joint Committee on Appropriations and Revenue on a quarterly basis. Projections of Medicaid expenditures by categories of Medicaid services shall be provided to the Interim Joint Committee on Appropriations and Revenue upon request."

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

GENERAL ASSEMBLY

The General Assembly concurs with the Branch with the following change:

The General Assembly adds the following Part I, Operating Budget, language provision:

"Medicaid Eligibility Determination Contract Funding: Included in the above General Fund and Restricted Funds appropriations are the total state matching funds required to fully fund the Medicaid Eligibility Determination contract in each year of the fiscal biennium between the Department for Medicaid Services and Department for Community Based Services."

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H - Health and Family Services Cabinet

Operating Budget

Medicaid Benefits

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	993,496,600	993,496,600		1,014,677,900	1,001,577,900	(13,100,000)	1,055,658,600	1,041,097,000	(14,561,600)
Restricted Funds	404,836,900	404,836,900		383,400,500	383,400,500		388,805,100	388,805,100	
Federal Funds	3,170,763,000	3,170,763,000		3,113,782,300	3,100,931,200	(12,851,100)	3,225,068,600	3,212,280,900	(12,787,700)
Regular Total Funds	4,569,096,500	4,569,096,500		4,511,860,700	4,485,909,600	(25,951,100)	4,669,532,300	4,642,183,000	(27,349,300)
Use of Continuing		(3,264,000)	(3,264,000)		876,700	876,700		2,387,300	2,387,300
TOTAL FUNDS	4,569,096,500	4,565,832,500	(3,264,000)	4,511,860,700	4,486,786,300	(25,074,400)	4,669,532,300	4,644,570,300	(24,962,000)
II. EXPENDITURE CATEGORY									
Grants, Loans, Benefits	4,569,096,500	4,565,832,500	(3,264,000)	4,511,860,700	4,486,786,300	(25,074,400)	4,669,532,300	4,644,570,300	(24,962,000)
TOTAL EXPENDITURES	4,569,096,500	4,565,832,500	(3,264,000)	4,511,860,700	4,486,786,300	(25,074,400)	4,669,532,300	4,644,570,300	(24,962,000)
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	925,395,500	925,395,500		923,539,200	907,739,200	(15,800,000)	919,001,700	901,740,100	(17,261,600)
Restricted Funds	399,815,000	399,815,000		383,400,500	383,000,500	(400,000)	388,805,100	388,405,100	(400,000)
Federal Funds	2,955,620,100	2,955,620,100		2,951,288,900	2,931,373,800	(19,915,100)	2,940,701,400	2,920,823,100	(19,878,300)
Regular Total Funds	4,280,830,600	4,280,830,600		4,258,228,600	4,222,113,500	(36,115,100)	4,248,508,200	4,210,968,300	(37,539,900)
Use of Continuing		(3,264,000)	(3,264,000)		876,700	876,700		2,387,300	2,387,300
TOTAL BASE LEVEL	4,280,830,600	4,277,566,600	(3,264,000)	4,258,228,600	4,222,990,200	(35,238,400)	4,248,508,200	4,213,355,600	(35,152,600)
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
General Fund	68,101,100	68,101,100		91,138,700	93,838,700	2,700,000	136,656,900	139,356,900	2,700,000
Restricted Funds	5,021,900	5,021,900			400,000	400,000		400,000	400,000
Federal Funds	215,142,900	215,142,900		162,493,400	169,557,400	7,064,000	284,367,200	291,457,800	7,090,600
TOTAL ADDITIONAL	288,265,900	288,265,900		253,632,100	263,796,100	10,164,000	421,024,100	431,214,700	10,190,600
V. ADDITIONAL BUDGET ITEMS									
1 GB Medicaid Benefits									
ABR7480001	Provide funds to support inflation, increased utilization, case mix changes and provider cost increases.								
General Fund	68,101,100	68,101,100		89,282,400	89,282,400		130,263,100	130,263,100	
Restricted Funds	5,021,900	5,021,900							
Federal Funds	215,142,900	215,142,900		158,162,200	158,162,200		269,448,500	269,448,500	
Project Total	288,265,900	288,265,900		247,444,600	247,444,600		399,711,600	399,711,600	

H - Health and Family Services Cabinet**Operating Budget****Medicaid Benefits**

Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
2 EXPAN Supports for Community Living								
ABR7480002 Provide funds to support 100 additional slots in FY 2006-07 and an additional 100 slots in FY 2007-08.								
General Fund			1,856,300	1,856,300		6,393,800	6,393,800	
Federal Funds			4,331,200	4,331,200		14,918,700	14,918,700	
Project Total			6,187,500	6,187,500		21,312,500	21,312,500	
3 EXPAN Adult Day Care								
ABR7480010 Provide funds to increase reimbursement rates for Adult Day Care services.								
General Fund				700,000	700,000		700,000	700,000
Federal Funds				1,595,100	1,595,100		1,601,100	1,601,100
Project Total				2,295,100	2,295,100		2,301,100	2,301,100
4 EXPAN School-based Health Services								
ABR7480011 Provide funds to expand school-based health services.								
Restricted Funds				250,000	250,000		250,000	250,000
Federal Funds				569,700	569,700		571,800	571,800
Project Total				819,700	819,700		821,800	821,800
5 EXPAN Model II Waiver								
ABR7480012 Provide funds to expand Model II Waiver services for ventilator-dependent eligibles.								
General Fund				1,000,000	1,000,000		1,000,000	1,000,000
Federal Funds				2,278,700	2,278,700		2,287,300	2,287,300
Project Total				3,278,700	3,278,700		3,287,300	3,287,300
6 EXPAN Breast and Cervical Cancer Treatment Program								
ABR7480013 Provide funds to expand the Breast and Cervical Cancer Treatment Program								
Restricted Funds				150,000	150,000		150,000	150,000
Federal Funds				341,800	341,800		343,100	343,100
Project Total				491,800	491,800		493,100	493,100
7 EXPAN Acquired Brain Injury Program								
ABR7480014 Provide funds to support an additional 65 eligibles in each fiscal year.								
General Fund				1,000,000	1,000,000		1,000,000	1,000,000
Federal Funds				2,278,700	2,278,700		2,287,300	2,287,300
Project Total				3,278,700	3,278,700		3,287,300	3,287,300

FB 2006-2008 FINAL BUDGET MEMORANDUM - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY**H - Health and Family Services Cabinet****Operating Budget****Medicaid Benefits**

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
TOTAL ADDITIONAL	288,265,900	288,265,900		253,632,100	263,796,100	10,164,000	421,024,100	431,214,700	10,190,600

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BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part I, Operating Budget includes additional funding support totaling \$68,101,100 in General Fund, \$5,021,900 in Restricted Funds and \$215,142,900 in Federal Funds in fiscal year 2005-2006; \$89,282,400 in General Fund and \$158,162,200 in Federal Funds in fiscal year 2006-2007; and, \$130,263,100 in General Fund and \$269,448,500 in Federal Funds in fiscal year 2007-2008 to continue current services and support increases in eligibles, utilization and medical inflation.

The State/Executive Branch Budget Bill, Part I, Operating Budget recommends \$104,768,200 in fiscal year 2006-2007 and \$108,234,100 in fiscal year 2007-2008 for the Kentucky Children's' Health Insurance Program (KCHIP) including \$20,000,000 in General Fund support, \$2,365,400 in Restricted Funds and \$82,402,800 in Federal Funds in fiscal year 2006-2007, and \$20,219,000 in General Fund support, \$2,824,000 in Restricted Funds and \$85,191,100 in Federal Funds in fiscal year 2007-2008. These funds are estimated to support 50,000 children in each fiscal year of the biennium.

A consensus group, consisting of the Cabinet for Health and Family Services, Governor's Office for Policy and Management and Governor's Office for Economic Analysis forecasted the Medicaid Benefits budgets based on an actuarial analysis of the cost per eligible by type of eligible performed by Pricewaterhouse Coopers, LLP.

The State/Executive Branch Budget Bill, Part I, Operating Budget includes the following language provisions that direct:

"Supports for Community Living Slots: Included in the above appropriation is \$1,856,300 in General Fund moneys and \$4,331,200 in Federal Funds in fiscal year 2006-2007 to support 100 additional Supports for Community Living slots and \$6,393,800 in General Fund moneys and \$14,918,700 in Federal Funds in fiscal year 2007-2008 to support 100 additional Supports for Community Living slots for a total of 200 additional slots.

Supports for Community Living Waiver funds shall be for direct services to qualified Supports for Community Living Waiver recipients, and any unexpended funds shall not lapse but shall be carried forward to the next fiscal year for the same purpose."

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"Carry Forward of General Fund Appropriation Balance: Notwithstanding KRS 45.229, any General Fund appropriation unexpended in fiscal year 2006-2007 shall not lapse, but shall be carried forward into the next fiscal year."

"Disproportionate Share Hospital Program: Hospitals shall report indigent inpatient and outpatient care for which, under federal law, the hospital is eligible to receive disproportionate share payments. Disproportionate Share Hospital payments shall not exceed the maximum amounts established in the federal law."

"Hospital Indigent Patient Billing: Hospitals shall not bill patients for services where the services have been reported to the Cabinet and the hospital has received disproportionate share payments for the specific services."

"Provider Tax Information: Any provider who posts a sign or includes information on customer receipts or any material distributed for public consumption indicating that it has paid provider tax shall also post, in the same size typeset as the provider tax information, the amount of payment received from the Department for Medicaid Services during the same period the provider tax was paid. Providers who fail to meet this requirement shall be excluded from the Disproportionate Share Hospital and Medicaid Programs. The Cabinet for Health and Family Services shall include this provision in facilities' annual licensure inspection."

"Quality and Charity Care Trust Fund: No hospital shall be reimbursed from both the Quality and Charity Care Trust Fund and the Disproportionate Share Hospital Program for the same service to the same patient. Any hospital that willfully violates this provision shall be subject to a penalty equal to three times the amount of the improper charge to the funds, which shall be credited to the General Fund. The Secretary of the Cabinet for Health and Family Services shall have the authority to secure the patient information as needed from the participating facilities in order to determine compliance and enforce this provision. Each facility billing and receiving reimbursements from the Quality and Charity Care Trust Fund shall be required to identify each patient by Social Security number and indicate whether the patient is classified as indigent or medically needy. Notwithstanding any other provision of this Act or law, in any fiscal year for which all the parties to the Quality and Charity Care Trust Agreement so agree, the General Fund appropriation to fulfill the Commonwealth's contractual obligation relating to the Quality and Charity Care Trust Agreement or any portion thereof, together with any other funds paid to the Quality and Charity Care Trust contractual obligation of the parties, or any portion thereof, shall be transferred to the Department for Medicaid Services as part of its Restricted Funds appropriation for Medicaid Benefits. In any fiscal year for which all the parties to the Quality and Charity Care Trust Agreement do not agree to transfer all or any portion of the Trust's revenues to the Department for Medicaid Services for Medicaid Benefits, the Quality and Charity Care Trust shall operate pursuant to its contractual provisions."

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"Kentucky Children's Health Insurance Program (KCHIP): The Secretary of the Cabinet for Health and Family Services may transfer funds from Medicaid Benefits to the KCHIP General Fund or Restricted Funds appropriations to be used to match the Federal Funds allocation. These transfers may be made to cover both additional regular allocations and redistribution from the federal government. The Secretary shall recommend any proposed transfer to the State Budget Director for review and concurrence prior to transfer. Upon concurrence of the State Budget Director and prior to the transfer, the Secretary shall make the appropriate interim appropriation increase requests pursuant to KRS 48.630."

"Intergovernmental Transfers (IGT's): Any funds received through an IGT agreement between the Department for Medicaid Services and other governmental entities, in accordance with a federally approved State Plan amendment, shall be used to provide for the health and welfare of the citizens of the Commonwealth through the provision of Medicaid Benefits. Revenues from IGT's are contingent upon agreement by the parties and, when negotiated, the Secretary of the Cabinet for Health and Family Services shall make the appropriate interim appropriations increase requests pursuant to KRS 48.630."

"Medicaid Budget Analysis Reports: The Department for Medicaid Services shall submit a quarterly budget analysis report to the Interim Joint Committee on Appropriations and Revenue. The report shall provide monthly detail of actual expenditures, eligibles, and average monthly cost per eligible by eligibility category along with current trailing 12-month averages for each of these figures. The report shall also provide actual figures for all categories of noneligible-specific expenditures such as Supplemental Medical Insurance premiums, Kentucky Patient Access to Care, nonemergency transportation, drug rebates, cost settlements, and Disproportionate Share Hospital payments by type of hospital. The report shall compare the actual expenditure experience with those underlying the enacted or revised enacted budget and explain any significant variances which may occur."

"Medicaid Benefits Budget Deficit: In the event Medicaid Benefits expenditures are projected to exceed available funds, the Secretary of the Cabinet for Health and Family Services shall be empowered to recommend that reimbursement rates, optional services, eligibles, or programs be reduced or maintained at levels existing at the time of the projected deficit in order to avoid a budget deficit. The projected deficit shall be confirmed by the Office of State Budget Director. No service, eligible, or program reductions shall be implemented by the Cabinet for Health and Family Services without written notice of such action to the Interim Joint Committee on Appropriations and Revenue and the State Budget Director. Such actions taken by the Cabinet for Health and Family Services shall be reported, upon request, at the next meeting of the Interim Joint Committee on Appropriations and Revenue."

"Medicaid Benefits Budget Surplus: In the event Medicaid Benefits expenditures are less than available funds, the Secretary of the Cabinet for Health and Family Services may recommend the utilization of available funds to increase reimbursement rates, support

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program administration, or expand the Medicaid Program or the number of eligibles. No reimbursement rate, service, eligible, or program shall be increased without written approval of the State Budget Director and a report to the Interim Joint Committee on Appropriations and Revenue."

"Transfer of Medicaid Benefits Funds for Medicaid Modernization: Any portion of the General Fund appropriation in either fiscal year that is deemed to be necessary for the administration of the Medicaid Modernization initiative may be transferred from Medicaid Benefits in accordance with statutes governing the functions and activities of the Department for Medicaid Services. The Secretary shall recommend any proposed transfer to the State Budget Director for approval prior to transfer. Such action shall be reported by the Cabinet for Health and Family Services to the Interim Joint Committee on Appropriations and Revenue.

"Critical Access Hospitals: Notwithstanding 2004 Ky. Acts ch. 56, sec. 2, through June 30, 2008, no acute care hospital shall convert to a critical access hospital unless the hospital has either received funding for a feasibility study from the Kentucky State Office of Rural Health or filed a written request by January 1, 2006, with the Kentucky State Office of Rural Health requesting funding for conducting a feasibility study."

"Medicaid Copayments: Notwithstanding KRS 205.6312, the Department for Medicaid Services may impose copayments for services rendered to Medicaid recipients not to exceed the amounts permitted by federal authority."

The following assumptions are reflected in Medicaid Benefits projections:

Blended federal match rates for Medicaid Benefits are projected to be: 69.50% in fiscal year 2006-2007 and 69.58% in fiscal year 2007-2008. Blended federal match rates for KCHIP are projected to be: 78.65% in fiscal year 2006-2007 and 78.71% in fiscal year 2007-2008.

Medicaid eligibles (Per Month): - 717,500 in fiscal year 2006-2007 and 731,200 in fiscal year 2007-2008. Included in these projections are 50,000 KCHIP eligibles in each fiscal year.

Provider Taxes are projected to total \$299.4 million in fiscal year 2005-2006, \$304.1 million in fiscal year 2006-2007 and \$309.3 million in fiscal year 2007-2008.

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Receipts/State Match from Intergovernmental Transfers (IGTs) are projected to decrease to \$24.3 million in fiscal year 2005-2006, \$8.5 million in fiscal year 2006-2007 and \$8.5 million in fiscal year 2007-2008.

Disproportionate Share Hospital (DSH) payments are capped according to the 1997 Federal Balanced Budget Act, as amended by the Benefits Improvement and Protection Act of 2000 and Medicare Modernization Act of 2003. Kentucky's federal DSH ceilings are \$197,196,700 in fiscal year 2005-2006, and \$196,289,700 in fiscal years 2006-2007 and 2007-2008. Included in Kentucky's caps are state mental hospital DSH caps which are projected to equal \$34,727,000 in fiscal year 2006-2007 and \$34,567,300 in fiscal year 2007-2008. State Teaching Hospital Enhanced DSH payments for the University of Kentucky and University of Louisville Hospitals totaled \$72.6 million in fiscal year 2004-2005, and are projected to remain at approximately this level in each year of the fiscal biennium.

The State/Executive Branch Budget Bill, Part I, Operating Budget, reflects the Region 3 (Louisville) Medicaid Partnership continuing to operate, and that the other areas of the state will be transitioned to the KyHealth Choices Section 1115 Waiver which will establish different benefit packages for different Medicaid populations in different areas of the state with increased cost sharing and service limitations. Medicaid pharmacy projections include deductions for dual eligibles' pharmacy being covered by Medicare Part D which began January 1, 2006.

GENERAL ASSEMBLY

The General Assembly concurs with the Branch with the following changes:

The General Assembly redirects General Fund support by \$11,700,000 in fiscal year 2006-2007 and \$12,981,900 in fiscal year 2007-2008, to reflect reduced Medicare Part D State Contribution and increased Hospital Provider Tax, and redirects these funds to other agencies within the Cabinet for additional funding items.

The General Assembly redirects General Fund support by \$1,700,000 in each fiscal year and Restricted Funds by \$400,000 in each fiscal year to the Adult Day Care reimbursement increase and School-Based Health Service, Model II Waiver and Breast and Cervical Cancer Treatment expansions as reflected in Part V of this report.

The General Assembly provides additional General Fund support totaling \$1,000,000 and Federal Funds totaling \$2,278,700 in fiscal year 2006-2007 and General Fund support totaling \$1,000,000 and Federal Funds totaling \$2,287,300 in fiscal year 2007-2008 to expand the Acquired Brain Injury Waiver Program to an additional 65 eligibles.

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The General Assembly reduces General Fund support by \$2,400,000 in each fiscal year to reflect projected savings to be generated by 34 additional fraud and abuse investigators provided for in the Office of the Inspector General.

The General Assembly reduces General Fund support by \$179,700 in fiscal year 2007-2008 to reflect projected savings generated by the Brooklawn Child and Family Services capital project within the Department for Community Based Services appropriation to move residents from psychiatric beds to private child care accommodations.

Federal Funds are reduced by \$19,915,100 in fiscal year 2006-2007 and \$19,878,300 in fiscal year 2007-2008 to reflect redirected General Fund due to increased Hospital Provider Tax, and reduced General Fund to reflect projected savings from increased fraud and abuse investigations by the Office of the Inspector General.

The General Assembly reduces the Medicare Part D State Contribution by \$3,264,000 in General Fund support in fiscal year 2005-2006 to carry forward and support Medicaid Benefits by \$876,700 in fiscal year 2006-2007 and \$2,387,300 in fiscal year 2007-2008.

The General Assembly amends the State/Executive Branch Budget Bill Part I, Operating Budget, language provisions relating to Supports for Community Living Slots and the Disproportionate Share Hospital Program as follows:

"Supports for Community Living Slots: Included in the above appropriation is \$1,856,300 in General Fund moneys and \$4,331,200 in Federal Funds in fiscal year 2006-2007 to support 100 additional Supports for Community Living slots and \$6,393,800 in General Fund moneys and \$14,918,700 in Federal Funds in fiscal year 2007-2008 to support 100 additional Supports for Community Living slots for a total of 200 additional slots.

Supports for Community Living Waiver funds shall be utilized only for direct services to qualified Supports for Community Living Waiver recipients, and any unexpended funds shall not lapse but shall be carried forward to the next fiscal year for the same purpose."

"Disproportionate Share Hospital Program: Hospitals shall report indigent inpatient and outpatient care for which, under federal law, the hospital is eligible to receive disproportionate share payments. Disproportionate Share Hospital payments shall equal the maximum amounts established by federal law."

The General Assembly adds the following Part I, Operating Budget, language provisions:

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"Medicaid State Match for Preventive Services By Local and District Health Departments: Included in the above appropriation in each year of the fiscal biennium are the total state matching funds required to fully support preventive health services provided to Medicaid recipients through local and district health departments. Such services shall continue, at a minimum, at the current level of effort."

"Quarterly Cost Containment Reporting: The Cabinet for Health and Family Services shall submit a quarterly report to the Interim Joint Committee on Appropriations and Revenue on cost-containment initiatives implemented to reduce costs in the Medicaid Program, including the actual experience compared to projected savings for each initiative. In addition, this report shall include any anticipated initiatives to be implemented to reduce Medicaid costs, including a projection for savings from each initiative and implementation date. If applicable, the report shall also include a list of anticipated Medicaid Program expansions, including projected costs and implementation dates."

"Adult Day Care Service Rate Increase: Included in the above appropriation is \$700,000 in Restricted Funds and \$1,595,100 in Federal Funds in fiscal year 2006-2007 and \$700,000 in Restricted Funds and \$1,601,100 in Federal Funds in fiscal year 2007-2008 to increase reimbursement rates for Adult Day Care services."

"School-based Health Service Expansion: Included in the above appropriation is \$250,000 in Restricted Funds and \$569,700 in Federal Funds in fiscal year 2006-2007 and \$250,000 in Restricted Funds and \$571,800 in Federal Funds in fiscal year 2007-2008 to expand school-based health services."

"Ambulance Fee Increase: The Department for Medicaid Services shall continue ambulance reimbursement during each fiscal year at the rate level established by the 2005 General Assembly for fiscal year 2005-2006."

"Model II Waiver Expansion: Included in the above appropriation is \$1,000,000 in General Fund support and \$2,278,700 in Federal Funds in fiscal year 2006-2007 and \$1,000,000 in General Fund support and \$2,287,300 in Federal Funds in fiscal year 2007-2008 to expand Model II waiver services to approximately 40 additional ventilator-dependent patients."

"Breast and Cervical Cancer Treatment Expansion: Included in the above appropriation is \$150,000 in Restricted Funds and \$341,800 in Federal Funds in fiscal year 2006-2007 and \$150,000 in Restricted Funds and \$343,100 in Federal Funds in fiscal year 2007-2008 to expand the Breast and Cervical Cancer Treatment Services Program."

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"General Fund Carry Forward: Notwithstanding KRS 45.229, included in the above General Fund appropriation is \$3,264,000 in fiscal year 2005-2006 which shall be carried forward and utilized to support Medicaid Benefits expenditures in fiscal year 2006-2007 and \$2,387,300 in fiscal year 2006-2007 which shall be carried forward and utilized to support Medicaid Benefits expenditures in fiscal year 2007-2008."

"Hospital Provider Tax and Enhanced Payments: Notwithstanding KRS 142.303 or the 2004-2006 State/Executive Branch Budget (2005 Ky. Acts ch. 173) establishing a lower amount of tax, hospital provider tax collections in fiscal year 2005-2006 shall not be less than \$180,000,000. Notwithstanding KRS 205.640 and any other provision of the Kentucky Revised Statutes to the contrary, the Department for Medicaid Services shall use these funds to maintain and continue the hospital inpatient payment enhancements to Kentucky hospitals adopted in fiscal year 2005-2006 and the additional funding allocated by the Department to enhance reimbursement to hospitals paid under managed care arrangements. If the aggregate tax collected from all hospitals in fiscal year 2005-2006 pursuant to KRS 142.303 is less than \$180,000,000, each hospital shall pay an additional provider tax in an amount equal to its pro rata share of the difference, based on its taxes paid in relation to total hospital taxes paid in the prior fiscal year. If the hospital provider tax paid in fiscal year 2005-2006 pursuant to KRS 142.303 is greater than \$180,000,000, the amount in excess of \$180,000,000 shall be deposited into the "Hospital Payment Improvement Trust Fund," which is hereby created in the State Treasury as a trust and agency account, and shall be matched with Federal Funds for the sole use of increasing reimbursement to Kentucky hospitals, including those paid under managed care arrangements. To the extent that funds remain in the trust fund established by 2005 Ky. Acts ch. 173, Part I, H.3.b.(7), those funds shall be transferred to the fund created in this subsection, and shall be used for the purposes stated above. Any outstanding payments due pursuant to the provisions of 2005 Ky. Acts ch. 173, Part I, H.3.b.(7) shall be retroactive to the beginning of fiscal year 2005-2006 and shall be paid no later than July 30, 2006.

Notwithstanding KRS 142.303, hospital provider tax collections for fiscal year 2006-2007 and fiscal year 2007-2008 shall be not less than \$180,000,000, but shall not exceed the amount of the aggregate provider taxes paid by hospitals in fiscal year 2005-2006. Notwithstanding KRS 205.640 and any other provision of the Kentucky Revised Statutes to the contrary, the Department for Medicaid Services shall use these funds to maintain and continue the hospital inpatient payment enhancements to Kentucky hospitals adopted in fiscal year 2005-2006 and the additional funding allocated by the Department to enhance reimbursement to hospitals paid under managed care arrangements. Notwithstanding KRS 142.301 to 142.363, taxes due in fiscal year 2006-2007 and in fiscal year 2007-2008 shall be paid in 12 equal monthly installments, except as otherwise provided below, with each payment due no later than 20 days after the last day of each calendar month. At least 30 days prior to the beginning of the fiscal year, the Department of Revenue shall send written notice to each hospital of the hospital's estimated total tax liability for the year, which shall be the amount the hospital

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paid in taxes in fiscal year 2005-2006. The estimate for fiscal year 2006-2007 shall be based on actual payments for the first ten months of fiscal year 2005-2006, and an estimated amount for the last two months of fiscal year 2005-2006. Any adjustment in the total payment amount due to differences between the estimated and actual payments for the last two months of fiscal year 2005-2006 shall be made in the final payment due for fiscal year 2006-2007. In the case of a new hospital that did not operate in state fiscal year 2005-2006, the hospital shall be taxed pursuant to KRS 142.303. Any hospital provider tax collections in excess of \$180,000,000 in fiscal year 2006-2007 or in fiscal year 2007-2008 shall be deposited into the "Hospital Payment Improvement Trust Fund," which is hereby created in the State Treasury as a trust and agency account, and shall be matched with Federal Funds for the sole use of increasing reimbursement to Kentucky hospitals, including those paid under managed care arrangements. Any payments due pursuant to this section shall be made by July 30 of each fiscal year."

"Acquired Brain Injury Waiver Program: Included in the above appropriation is \$1,000,000 in General Fund moneys and \$2,278,700 in Federal Funds in fiscal year 2006-2007 and \$1,000,000 in General Fund moneys and \$2,287,300 in Federal Funds in fiscal year 2007-2008 to support 65 additional individuals through the Acquired Brain Injury Waiver Program."

"Medicaid Pharmacy: Notwithstanding KRS 205.6312(4), a pharmacy provider participating in the Medical Assistance Program shall not be required to serve an eligible recipient if the recipient does not make the required copayment at the time of service, except for an initial encounter when a recipient presents a condition which could result in harm to the recipient if left untreated, in which case the pharmacist shall dispense a 72 hour emergency supply of the required medicine. The recipient may then return to the pharmacy with the necessary copayment to obtain the remainder of the prescription. Only one dispensing fee shall be paid by the Cabinet for the provision of both the emergency supply and the remainder of the prescription."

"Appeals: An appeal for denial of a service or services provided by a Medicaid managed care organization for medical necessity, or denial, limitation, or termination of a health care service in a case involving a medical or surgical specialty or subspecialty, shall, upon request of the recipient, authorized person, or provider, include a review by a board-eligible or board-certified physician in the appropriate specialty or subspecialty area; except in the case of a health care service rendered by a chiropractor or optometrist, in which case, the denial shall be made respectively by a chiropractor or optometrist duly licensed in Kentucky as specified in KRS 304.17A-607(1)(b). The physician reviewer shall not have participated in the initial review and denial of service and shall not be the provider of service or services under consideration in the appeal."

H - Health and Family Services Cabinet

Operating Budget

Mental Health/Mental Retardation Services

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund (Tobacco)	900,000	900,000		800,000	800,000		800,000	800,000	
General Fund	168,769,100	168,769,100		182,957,800	185,755,200	2,797,400	191,361,100	194,117,600	2,756,500
Restricted Funds	202,713,500	202,713,500		207,572,000	207,572,000		210,790,500	210,790,500	
Federal Funds	42,802,500	42,802,500		44,300,200	44,300,200		43,682,000	43,682,000	
Regular Total Funds	415,185,100	415,185,100		435,630,000	438,427,400	2,797,400	446,633,600	449,390,100	2,756,500
Use of Continuing									
TOTAL FUNDS	415,185,100	415,185,100		435,630,000	438,427,400	2,797,400	446,633,600	449,390,100	2,756,500
II. EXPENDITURE CATEGORY									
Personnel Costs	156,719,600	156,719,600		162,804,400	162,804,400		166,850,200	166,850,200	
Operating Expenses	26,719,400	26,719,400		26,769,900	26,769,900		29,112,000	29,112,000	
Grants, Loans, Benefits	231,550,800	231,550,800		245,860,400	248,657,800	2,797,400	250,284,100	253,131,600	2,847,500
Debt Service							192,000	101,000	(91,000)
Capital Outlay	195,300	195,300		195,300	195,300		195,300	195,300	
TOTAL EXPENDITURES	415,185,100	415,185,100		435,630,000	438,427,400	2,797,400	446,633,600	449,390,100	2,756,500
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund (Tobacco)	900,000	900,000		800,000	800,000		800,000	800,000	
General Fund	168,769,100	168,769,100		168,769,100	167,269,100	(1,500,000)	168,769,100	167,269,100	(1,500,000)
Restricted Funds	202,713,500	202,713,500		207,422,000	202,862,000	(4,560,000)	210,490,500	202,890,500	(7,600,000)
Federal Funds	42,802,500	42,802,500		38,301,100	42,861,100	4,560,000	35,042,900	42,642,900	7,600,000
Regular Total Funds	415,185,100	415,185,100		415,292,200	413,792,200	(1,500,000)	415,102,500	413,602,500	(1,500,000)
Use of Continuing									
TOTAL BASE LEVEL	415,185,100	415,185,100		415,292,200	413,792,200	(1,500,000)	415,102,500	413,602,500	(1,500,000)
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
General Fund				14,188,700	18,486,100	4,297,400	22,592,000	26,848,500	4,256,500
Restricted Funds				150,000	4,710,000	4,560,000	300,000	7,900,000	7,600,000
Federal Funds				5,999,100	1,439,100	(4,560,000)	8,639,100	1,039,100	(7,600,000)
TOTAL ADDITIONAL				20,337,800	24,635,200	4,297,400	31,531,100	35,787,600	4,256,500
V. ADDITIONAL BUDGET ITEMS									
1 GB	All Divisions - Inflation and Acute Care Admissions								
ABR7290001	Provide funds to support community and residential programs, including 25 vacant personnel positions.								
General Fund				12,048,700	12,048,700		18,500,000	18,500,000	
Project Total				12,048,700	12,048,700		18,500,000	18,500,000	

H - Health and Family Services Cabinet**Operating Budget****Mental Health/Mental Retardation Services**

Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
2 EXPAN Supports for Community Living - Administrative Support								
ABR7290011 Provide funds to oversee an additional 100 slots in FY 2006-07 and an additional 100 slots in FY 2007-08.								
Restricted Funds			150,000	150,000		300,000	300,000	
Federal Funds			150,000	150,000		300,000	300,000	
Project Total			300,000	300,000		600,000	600,000	
3 EXPAN Community Mental Health & Substance Abuse Services - KEYS Grant								
ABR7290004 Provide funds to establish a childrens mental health initiative in 8 counties in Northern Kentucky.								
Federal Funds			1,289,100	1,289,100		739,100	739,100	
Project Total			1,289,100	1,289,100		739,100	739,100	
4 EXPAN Community Mental Retardation - Crisis Stabilization								
ABR7290010 Provide funds to support an additional 835 persons in FY 2006-07 and 913 persons in FY 2007-08.								
General Fund			1,140,000	1,140,000		1,900,000	1,900,000	
Restricted Funds				4,560,000	4,560,000		7,600,000	7,600,000
Federal Funds			4,560,000		(4,560,000)	7,600,000		(7,600,000)
Project Total			5,700,000	5,700,000		9,500,000	9,500,000	
5 EXPAN Community Mental Retardation - Supported Living								
ABR7290009 Provide funds to support an additional 321 persons in FY 2006-07 and 642 persons in FY 2007-08.								
General Fund			1,000,000	1,000,000		2,000,000	2,000,000	
Project Total			1,000,000	1,000,000		2,000,000	2,000,000	
6 N/A Debt Service								
ABR7290006 Provide funds to support debt service for \$2,131,000 in new bonds for Oakwood HVAC & Chiller Replacement.								
General Fund						192,000	101,000	(91,000)
Project Total						192,000	101,000	(91,000)
7 CONT Day Springs Group Home								
ABR7290023 Provide additional General Fund support.								
General Fund				170,000	170,000		170,000	170,000
Project Total				170,000	170,000		170,000	170,000
8 CONT ARC of Kentucky								
ABR7290024 Provide additional General Fund support.								
General Fund				175,000	175,000		175,000	175,000
Project Total				175,000	175,000		175,000	175,000

H - Health and Family Services Cabinet**Operating Budget****Mental Health/Mental Retardation Services**

			Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
			Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
9	NEW	Crisis Stabilization Mental Health Services									
ABR7290026		Provide funds to support crisis stabilization mental health services through regional MH/MR boards, including \$127,400 in FY 2006-07 and \$177,500 in FY 2007-08 for mental inquest warrant patients at Hardin Memorial Hospital.									
General Fund							3,027,400	3,027,400		3,077,500	3,077,500
Project Total							3,027,400	3,027,400		3,077,500	3,077,500
10	NEW	Wellsprings David Block Crisis Stabilization Unit									
ABR7290027		Provide funds to support the Wellsprings David Block Crisis Stabilization Unit in Louisville, Ky.									
General Fund							500,000	500,000		500,000	500,000
Project Total							500,000	500,000		500,000	500,000
11	CONT	The Healing Place									
ABR7290028		Provide additional General Fund support.									
General Fund							150,000	150,000		150,000	150,000
Project Total							150,000	150,000		150,000	150,000
12	CONT	The ARC of Barren County									
ABR7290029		Provide funds to purchase a van.									
General Fund							25,000	25,000		25,000	25,000
Project Total							25,000	25,000		25,000	25,000
13	NEW	Aging Caregivers One-Stop Shop									
ABR7290030		Provide funds to establish an aging caregivers one-stop shop for referrals to long-term supports for MR/DD individuals.									
General Fund							200,000	200,000		200,000	200,000
Project Total							200,000	200,000		200,000	200,000
14	CONT	Boys and Girls Club of Kentucky									
ABR7290031		Provide funds to support the Boys and Girls Club.									
General Fund							50,000	50,000		50,000	50,000
Project Total							50,000	50,000		50,000	50,000
TOTAL ADDITIONAL						20,337,800	24,635,200	4,297,400	31,531,100	35,787,600	4,256,500

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Mental Health/Mental Retardation

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part I, Operating Budget includes additional funding support as follows:

1) General Fund support totaling \$12,048,700 in fiscal year 2006-2007 and \$18,500,000 in fiscal year 2007-2008 to support increased census and inflationary growth for state-owned mental hospitals and Intermediate Care Centers for the Mentally Retarded/Developmentally Disabled (ICF MR/DDs); 2) \$150,000 in General Fund support and \$150,000 in Federal Funds in fiscal year 2006-2007 and \$300,000 in General Fund support and \$300,000 in Federal Funds in fiscal year 2007-2008 to provide funds to oversee an additional 100 Supports for Community Living (SCL) slots in fiscal year 2006-2007 and an additional 100 SCL slots in fiscal year 2007-2008 (200 additional slots over the fiscal biennium); 3) \$1,289,000 in Federal Funds in fiscal year 2006-2007 and \$739,100 in Federal Funds in fiscal year 2007-2008 to establish a children's mental health initiative through a KEYS grant in 8 counties in Northern Kentucky; 4) \$1,140,000 in General Fund support and \$4,560,000 in Restricted Funds in fiscal year 2006-2007 and \$1,900,000 in General Fund support and \$7,600,000 in Restricted Funds in fiscal year 2007-2008 to expand Crisis Stabilization Unit services; 5) General Fund support totaling \$1 million in fiscal year 2006-2007 and \$2 million in fiscal year 2007-2008 to expand Supported Living services; and, 6) \$192,000 in General Fund support in fiscal year 2007-2008 for debt service for bonds issued to replace a chiller and HVAC at Oakwood ICF MR/DD.

The State/Executive Branch Budget Bill, Part I, Operating Budget includes the following language provisions that direct:

"Disproportionate Share Hospital Funds: Mental health disproportionate share funds are budgeted at the maximum amounts permitted by the Federal Balanced Budget Act of 1997, as amended by the Federal Benefits Improvements and Protection Act of 2000 and the Medicare Modernization Act of 2003, in the amount of \$34,567,300 in each fiscal year."

"Kentucky Commission on Services and Supports for Individuals with Mental Illness, Alcohol and Other Drug Abuse Disorders, and Dual Diagnoses: The Department for Mental Health and Mental Retardation Services shall provide at least \$12,500 each fiscal year to be distributed to support the continued operation of the 14 regional planning councils and Commission activities relating to the mandates of KRS 210.500, 210.502, 210.504, 210.506, and 210.509, through June 30, 2008. The regional planning councils shall make recommendations for, and the Commission shall develop, a two-year work plan for specifying goals and strategies

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relating to services and supports for individuals with mental illness, alcohol and other drug disorders, and dual diagnoses, and efforts to reduce the stigma associated with mental illness and other substance abuse disorders. The Commission shall report workgroup activities and findings to the Governor and the Interim Joint Committee on Health and Welfare by December 1 of each year."

"Debt Service: Included in the above General Fund appropriation in fiscal year 2007-2008 is \$192,000 for debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act."

"Tobacco Settlement Funds: Included in the above General Fund (Tobacco) appropriation is \$800,000 in each fiscal year for substance abuse prevention and treatment for pregnant women with a history of substance abuse problems."

"Replacement of Eastern State Hospital: The Secretary of the Cabinet for Health and Family Services is authorized to procure, through competitive process, outside services to replace Eastern State Hospital. Eastern State Hospital is currently, and shall continue to be, operated by a nonstate agency provider until the facility is replaced. The Cabinet shall have the contractual option, subject to the appropriate oversight, to renew/extend said contract for periods of time as necessary to ensure budget neutrality. The Cabinet's intent is that the cost of any contractual arrangement shall be no more than the current cost of managing and maintaining Eastern State Hospital."

The State/Executive Branch Budget Bill in Part II, Capital Projects Budget, includes funding for the following projects:

- 1) Bond Funds totaling \$2,012,000 in fiscal year 2006-2007 to replace chillers, heating and cooling lines at Oakwood ICF MR/DD;
- 2) Investment Income totaling \$1.5 million in each year of fiscal years 2006-2007 and 2007-2008 for a Maintenance Pool; 3) \$700,000 in Capital Construction Surplus in fiscal year 2006-2007 for a Roof Pool; and, 4) \$400,000 in Federal Funds in fiscal year 2006-2007 for a Chiller Pool.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part X, Phase I Tobacco Settlement includes a language provision that directs:

"Substance Abuse Prevention and Treatment: Included in the above General Fund (Tobacco) appropriation is \$800,000 in each fiscal year for substance abuse prevention and treatment."

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Mental Health/Mental Retardation

GENERAL ASSEMBLY

The General Assembly concurs with the Branch with the following changes:

The General Assembly redirects base General Fund support of \$1,500,000 in each fiscal year and provides additional funding support for the following items:

1. \$170,000 in each fiscal year for Day Springs Group Home;
2. \$175,000 in each fiscal year for the ARC of Kentucky;
3. \$50,000 in each fiscal year for the Boys and Girls Club of Kentucky;
4. \$3,027,400 in fiscal year 2006-2007 and \$3,077,500 in fiscal year 2007-2008 for Crisis Stabilization Mental Health services, including \$127,400 in fiscal year 2006-2007 and \$177,500 in fiscal year 2007-2008 for mental inquest warrant patients served by Hardin Memorial Hospital;
5. \$500,000 in each fiscal year for the Wellsprings David Block Crisis Stabilization unit;
6. \$150,000 in each fiscal year for The Healing Place;
7. \$25,000 in each fiscal year for The ARC of Barren County;
8. \$200,000 in each fiscal year for the Aging Caregivers One-Stop Shop; and,
9. \$50,000 in each fiscal year for the Boys and Girls Club.

The General Assembly changes the fund sources for the Community Mental Retardation-Crisis Stabilization Expansion to \$1,140,000 in General Fund support and \$4,560,000 in Restricted Funds in fiscal year 2006-2007 and \$1,900,000 in General Fund support and \$7,600,000 in Restricted Funds in fiscal year 2007-2008.

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The General Assembly amends the State/Executive Branch Budget Bill Part I, Operating Budget, language provisions relating to debt service and the replacement of Eastern State Hospital as follows:

"Debt Service: Included in the above General Fund appropriation in fiscal year 2007-2008 is \$101,000 for debt service to support new bonds as set forth in Part II, Capital Projects Budget, of this Act."

"Replacement of Eastern State Hospital: The Secretary of the Cabinet for Health and Family Services, in compliance with KRS 210.370 through KRS 210.485 and KRS 45A, shall be authorized to provide for the replacement and continuing operation of Eastern State Hospital. The Cabinet for Health and Family Services shall solicit proposals for such replacement by no later than January 1, 2007."

The General Assembly adds the following Part I, Operating Budget, language provisions:

"Prior Notice Process for Changes to the Operations of Central State Hospital Intermediate Care Facility for the Mentally Retarded/Developmentally Disabled (ICF MR/DD): Notwithstanding KRS 210.045(1)(g), 210.045(1)(h), and 210.045(2), the 60 day notice requirement contained in KRS 210.045 is suspended until July 1, 2008, for changes to Central State Hospital ICF MR/DD as referenced in subsection (7) of this section. However, the remaining provisions of KRS 210.045 shall continue to be in effect."

"Hazelwood Intermediate Care Facility for the Mentally Retarded/Developmentally Disabled (ICF MR/DD): The Cabinet for Health and Family Services may procure, through the process established by KRS Chapter 45A, a contractual arrangement for a nonstate agency to construct residential units to accommodate the transfer of licensed ICF MR/DD beds at Central State Hospital to the Hazelwood campus. The Cabinet may use these units to house residents currently located at Central State ICF MR/DD. Requests for Proposals shall be issued no later than January 1, 2007, for the construction of the residential units to accommodate the transfer of licensed ICF MR/DD beds at Central State to the Hazelwood campus, and the construction of an outpatient psychiatric physical health clinic and an outpatient psychiatric dental clinic on the campus of Hazelwood ICF MR/DD."

"Crisis Stabilization Mental Health Services through Regional Mental Health/Mental Retardation (MH/MR) Boards: Included in the above General Fund appropriation is \$3,027,400 in fiscal year 2006-2007 and \$3,077,500 in fiscal year 2007-2008 to support crisis stabilization mental health services provided through regional MH/MR boards, including \$127,400 in fiscal year 2006-2007 and \$177,500 in fiscal year 2007-2008 for mental inquest warrant patients served by Hardin Memorial Hospital."

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"Wellsprings David Block Crisis Stabilization Unit: Included in the above General Fund appropriation is \$500,000 in each fiscal year to establish the Wellsprings David Block Crisis Stabilization Unit in Louisville, Kentucky to provide mental health crisis stabilization services."

"Aging Caregivers One-Stop Shop: Included in the above General Fund appropriation is \$200,000 in each fiscal year to establish an Aging Caregivers One-Stop Shop to provide aging caregivers with information, consultation, and assistance with choices and planning for long-term supports for individuals with mental retardation and developmental disability."

The General Assembly amends the Part II, Capital Budget, provisions relating to Oakwood - Replace Chillers & Cooling Lines and the Chiller Pool as follows:

"Oakwood - Replace Chillers, Heating & Cooling Lines		
Bond Funds	2,131,000	-0-
"Chiller Pool		
Restricted Funds	400,000	-0-

The General Assembly adds the following Part II, Capital Budget items:

"Hazelwood Intermediate Care Facility for the Mentally Retarded/Developmentally Disabled - Lease"

"Eastern State Hospital - Lease"

H - Health and Family Services Cabinet**Capital Budget****Mental Health/Mental Retardation Services**

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. CAPITAL PROJECT RECAP BY FUND SOURCE									
General Fund									
Restricted Funds					400,000	400,000			
Federal Funds				400,000		(400,000)			
Bond Funds				2,012,000	2,131,000	119,000			
Capital Construction Surplus				700,000	700,000				
Investment Income				1,500,000	1,500,000		1,500,000	1,500,000	
TOTAL CAPITAL				4,612,000	4,731,000	119,000	1,500,000	1,500,000	

II. CAPITAL PROJECTS**1 Maintenance Pool**

PRJ7292530

Investment Income	1,500,000	1,500,000		1,500,000	1,500,000	
Project Total	1,500,000	1,500,000		1,500,000	1,500,000	

2 Replace Chillers,Heating & Cooling Lines-Oakwood

PRJ7292509

Bond Funds	2,012,000	2,131,000	119,000			
Project Total	2,012,000	2,131,000	119,000			

3 Roof Pool

PRJ7292527

Capital Construction Surplus	700,000	700,000				
Project Total	700,000	700,000				

4 Chiller Pool

PRJ7292528

Restricted Funds		400,000	400,000			
Federal Funds	400,000		(400,000)			
Project Total	400,000	400,000				

5 MH/MR Fayette County Lease

PRJ7292534

General Fund

Project Total

H - Health and Family Services Cabinet**Capital Budget****Mental Health/Mental Retardation Services**

Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
6 MH/MR Franklin County Lease								
PRJ7292535								
General Fund								
Project Total								
7 Hazelwood ICF MR/DD Facility - Lease								
PRJ7292537								
Agency Bonds								
Project Total								
8 Eastern State Hospital - Lease								
PRJ7292539								
Agency Bonds								
Project Total								
TOTAL CAPITAL			4,612,000	4,731,000	119,000	1,500,000	1,500,000	

H - Health and Family Services Cabinet

Operating Budget

Public Health

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund (Tobacco)	16,495,800	16,495,800		14,000,900	14,000,900		14,721,100	14,721,100	
General Fund	65,946,900	65,946,900		64,882,700	70,899,700	6,017,000	67,131,000	73,823,000	6,692,000
Restricted Funds	71,297,500	71,297,500		71,482,700	71,482,700		71,599,000	71,599,000	
Federal Funds	168,481,700	168,481,700		169,426,000	169,426,000		169,878,400	169,878,400	
Regular Total Funds	322,221,900	322,221,900		319,792,300	325,809,300	6,017,000	323,329,500	330,021,500	6,692,000
Use of Continuing	2,651,900	2,651,900							
TOTAL FUNDS	324,873,800	324,873,800		319,792,300	325,809,300	6,017,000	323,329,500	330,021,500	6,692,000
II. EXPENDITURE CATEGORY									
Personnel Costs	41,472,100	41,472,100		41,195,300	41,285,300	90,000	41,304,400	41,394,400	90,000
Operating Expenses	18,084,000	18,084,000		18,199,700	18,249,700	50,000	18,217,300	18,217,300	
Grants, Loans, Benefits	265,317,700	265,317,700		260,397,300	266,274,300	5,877,000	263,807,800	269,943,800	6,136,000
Debt Service								466,000	466,000
TOTAL EXPENDITURES	324,873,800	324,873,800		319,792,300	325,809,300	6,017,000	323,329,500	330,021,500	6,692,000
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund (Tobacco)	16,495,800	16,495,800		14,000,900	14,000,900		14,721,100	14,721,100	
General Fund	65,946,900	65,946,900		63,732,700	63,732,700		65,631,000	66,381,000	750,000
Restricted Funds	71,297,500	71,297,500		71,482,700	71,482,700		71,599,000	71,599,000	
Federal Funds	168,481,700	168,481,700		169,426,000	169,426,000		169,878,400	169,878,400	
Regular Total Funds	322,221,900	322,221,900		318,642,300	318,642,300		321,829,500	322,579,500	750,000
Use of Continuing	2,651,900	2,651,900							
TOTAL BASE LEVEL	324,873,800	324,873,800		318,642,300	318,642,300		321,829,500	322,579,500	750,000
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
General Fund				1,150,000	7,167,000	6,017,000	1,500,000	7,442,000	5,942,000
TOTAL ADDITIONAL				1,150,000	7,167,000	6,017,000	1,500,000	7,442,000	5,942,000
V. ADDITIONAL BUDGET ITEMS									
1 NEW Health Kentucky									
ABR7280012 Provide General Fund for Health Kentucky Program.									
General Fund				150,000	150,000				
Project Total				150,000	150,000				

H - Health and Family Services Cabinet

Operating Budget

Public Health

		Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
		Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
2	NEW	Gov. Council on Wellness & Fitness								
ABR7280013		Provide General Fund for a comprehensive statewide program to encourage children, adults and seniors to get active.								
	General Fund				1,000,000	1,000,000		1,500,000	1,500,000	
	Project Total				1,000,000	1,000,000		1,500,000	1,500,000	
3	CONT	Health Insurance Pool - Local and District Health Departments								
ABR7280014		Redirect General Fund from Personnel Cabinet Pool to support Health Insurance cost for Local and District Health Departments.								
	General Fund					2,174,000	2,174,000		2,174,000	2,174,000
	Project Total					2,174,000	2,174,000		2,174,000	2,174,000
4	CONT	Ky AIDS Drug Assistance Program								
ABR7280015		Provide additional General Fund support.								
	General Fund					70,000	70,000		70,000	70,000
	Project Total					70,000	70,000		70,000	70,000
5	NEW	Diabetes Centers of Excellence								
ABR7280016		Provide General Fund to establish 3 regional Diabetes Centers of Excellence through Local or District Health Departments to demonstrate the potential to reduce Medicaid expenditures.								
	General Fund					750,000	750,000		750,000	750,000
	Project Total					750,000	750,000		750,000	750,000
6	CONT	KY Poison Control Center								
ABR7280017		Provide additional General Fund support.								
	General Fund					150,000	150,000		150,000	150,000
	Project Total					150,000	150,000		150,000	150,000
7	CONT	UK Center for Rural Health - KY Homeplace								
ABR7280018		Provide additional General Fund support.								
	General Fund					208,000	208,000		208,000	208,000
	Project Total					208,000	208,000		208,000	208,000
8	NEW	Local and District Health Department Construction / Renovation Pool								
ABR7280019		Debt service in FY 2007-2008 to support \$10,000,000 in new bonds for Local and District Health Department Construction/ Renovation Pool								
	General Fund								466,000	466,000
	Project Total								466,000	466,000

H - Health and Family Services Cabinet**Operating Budget****Public Health**

			Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
			Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
9	NEW	Healthcare Education and Registration Training									
ABR7280020 Provide General Fund assistance to HEART program in Western KY.											
General Fund							50,000	50,000		50,000	50,000
Project Total							50,000	50,000		50,000	50,000
10	NEW	Community Health Clinic									
ABR7280021 Provide General Fund assistance to the Hardin and Larue County Community Health Clinic.											
General Fund							100,000	100,000		100,000	100,000
Project Total							100,000	100,000		100,000	100,000
11	NEW	Indigent Health Services									
ABR7280022 Provide General Fund for equipment for the Glasgow Medical Center Indigent Health Services project.											
General Fund							25,000	25,000			
Project Total							25,000	25,000			
12	NEW	Liberty District Ralph Bunch Community Center									
ABR7280023 Provide General Fund to purchase Diabetes, Hypertension and Cholesterol Screening equipment.											
General Fund							25,000	25,000			
Project Total							25,000	25,000			
13	NEW	Lead Poisoning Prevention									
ABR7280024 Provide General Fund to support Lead Poisoning Prevention project.											
General Fund							50,000	50,000		50,000	50,000
Project Total							50,000	50,000		50,000	50,000
14	NEW	Epilepsy Foundation of Kentucky									
ABR7280025 Provide General Fund support.											
General Fund							100,000	100,000		100,000	100,000
Project Total							100,000	100,000		100,000	100,000
15	NEW	Lexington Hearing and Speech									
ABR7280026 Provide General Fund support.											
General Fund							50,000	50,000			
Project Total							50,000	50,000			
16	CONT	Saint Joseph Mobile Health Clinic									
ABR7280028 Provide additional General Fund support.											
General Fund										34,000	34,000
Project Total										34,000	34,000

H - Health and Family Services Cabinet

Operating Budget

Public Health

			Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
			Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
17	NEW	KY Prescription Drug Patient Assistance Program									
ABR7280029			Provide General Fund to establish statewide link for low-income individuals to obtain free prescriptions from pharmaceutical companies.								
General Fund							125,000	125,000		200,000	200,000
Project Total							125,000	125,000		200,000	200,000
18	NEW	Mission Frankfort Clinic									
ABR7280027			Provide General Fund support.								
General Fund							50,000	50,000			
Project Total							50,000	50,000			
19	NEW	Area Health Education Centers									
ABR7280030			Provide General Fund to replace former federal grants.								
General Fund							1,500,000	1,500,000		1,500,000	1,500,000
Project Total							1,500,000	1,500,000		1,500,000	1,500,000
20	NEW	Central KY Blood Center Grant									
ABR7280031			Provide General Fund for facility construction assistance or equipment purchase.								
General Fund							500,000	500,000			
Project Total							500,000	500,000			
21	NEW	Osteoporosis Prevention and Education Program									
ABR7280033			Provide General Fund to support a statewide multigenerational osteoporosis prevention and education program.								
General Fund							90,000	90,000		90,000	90,000
Project Total							90,000	90,000		90,000	90,000
TOTAL ADDITIONAL						1,150,000	7,167,000	6,017,000	1,500,000	7,442,000	5,942,000

TRANSFERS TO THE GENERAL FUND

Public Health

Agency Revenue Fund	4,657,000	4,657,000	542,800	542,800	483,000	483,000
(KRS 194A.050(4), 211.350(7), 211.848(2), 212.025(2), 213.141(3), 217.125(2), 219.071 and 221.020(2))						
TOTAL	4,657,000	4,657,000	542,800	542,800	483,000	483,000

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BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part V, Funds Transfer, includes a transfer from Public Health, Restricted Funds of \$4,657,000 in fiscal year 2005-2006, \$542,800 in fiscal year 2006-0207 and \$483,000 in fiscal year 2007-2008.

The State/Executive Branch Budget Bill, Part I, Operating Budget includes language provisions that direct:

"Health Kentucky: Included in the above General Fund appropriation is \$150,000 in fiscal year 2006-2007 for Health Kentucky, Inc."

"Tobacco Settlement Funds: Included in the above General Fund (Tobacco) appropriation is \$7,149,800 in fiscal year 2006-2007 and \$7,599,900 in fiscal year 2007-2008 for the Health Access Nurturing Development Services Program; \$1,000,000 in fiscal year 2006-2007 and \$1,140,100 in fiscal year 2007-2008 for Healthy Start initiatives; \$1,750,000 in each fiscal year for Universal Children's Immunizations; \$400,000 in each fiscal year for the Folic Acid Program; \$775,000 in each fiscal year for Early Childhood Mental Health; \$210,500 in each fiscal year for Early Childhood Oral Health; \$2, 215,600 in fiscal year 2006-2007 and \$2,345,600 in fiscal year 2007-2008 for the Smoking Cessation Program; and \$500,000 in each fiscal year for the Kentucky Early Intervention Services First Steps Program."

"Governor's Council on Wellness and Physical Activity: Included in the above General Fund appropriation is \$1,000,000 in fiscal year 2006-2007 and \$1,500,000 in fiscal year 2007-2008 for the Governor's Council on Wellness and Physical Activity to develop and implement a statewide fitness program available to all Kentuckians that promotes fitness and wellness for persons of all ages and fitness levels."

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The State/Executive Branch Budget Bill, Part X, Phase I Tobacco Settlement includes language that directs the following reductions in the fiscal year 2005-06 appropriation to Public Health: HANDS - \$393,000, Healthy Start - \$50,000 Immunizations - \$250,000 and Smoking Cessation - \$184,200.

The State/Executive Branch Budget Bill, Part X, Phase I Tobacco Settlement includes language that directs:

"HANDS Program, Healthy Start, Universal Children's Immunizations, Folic Acid Program, Early Childhood Mental Health, Early Childhood Oral Health, and Kentucky Early Intervention Services First Steps : Included in the above General Fund (Tobacco) appropriation is \$7,149,800 in fiscal year 2006-2007 and \$7,599,900 in fiscal year 2007-2008 for the Health Access Nurturing Development Services (HANDS) Program; \$1,000,000 in fiscal year 2006-2007 and \$1,140,100 in fiscal year 2007-2008 for Healthy Start initiatives; \$1,750,000 in each fiscal year for Universal Children's Immunizations; \$400,000 in each fiscal year for the Folic Acid Program; \$775,000 in each fiscal year for Early Childhood Mental Health; \$210,500 in each fiscal year for Early Childhood Oral Health; and \$500,000 in each fiscal year for the Kentucky Early Intervention Services First Steps Program."

"Smoking Cessation Program: Included in the above General Fund (Tobacco) appropriation is \$2,215,600 in fiscal year 2006-2007 and \$2,345,600 in fiscal year 2007-2008 for the Smoking Cessation Program."

GENERAL ASSEMBLY REPORT

The General Assembly concurs with the Branch with the following changes:

The General Assembly adds Part I, Operating Budget, language provisions as follows:

"Local and District Health Department Payments: The Department for Public Health shall not impose a cap or other restriction on the number or amount of services that a Local or District Health Department may provide. The Department for Public Health shall submit all requests for payment for services provided to the Department for Medicaid Services that are submitted by a Local or District Health Department."

"Medicaid State Match for Preventive Services Through Local and District Health Departments: Included in the Medicaid Benefits appropriation is the total General Fund state matching dollars required in each fiscal year to fully support preventive health services provided to Medicaid recipients through Local and District Health Departments."

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"Health Insurance for Local and District Health Departments: Included in the above General Fund appropriation is \$6,174,000 each fiscal year to assist the Local and District Health Departments with the required increased employer contribution for employee health insurance. These funds shall be distributed to the Local and District Health Departments at least quarterly."

"Kentucky AIDS Drug Assistance Program: Included in the above General Fund appropriation is \$250,000 in each fiscal year for the Kentucky AIDS Drug Assistance Program (KADAP)."

"Diabetes Services: Included in the above General Fund appropriation is \$2,300,000 in fiscal year 2006-2007 and \$3,050,000 in fiscal year 2007-2008 for continuation of base services through Local or District Health Departments."

"Diabetes Research Board: Included in the above General Fund appropriation is \$200,000 in each fiscal year, which shall be allocated to the Diabetes Research Board."

"Diabetes Centers of Excellence: Included in the above General Fund appropriation is \$750,000 each fiscal year to establish three regional Diabetes Centers of Excellence. Services within the Centers will be based on the number of Medicaid recipients diagnosed with diabetes within the area. These centers shall be designed to provide education, intervention therapy, and case management services and shall demonstrate the effectiveness of this intervention with outcomes and reduced Medicaid expenditures for this disease."

"Local and District Health Department Infrastructure Pool: Included in the above General Fund appropriation is \$466,000 in fiscal year 2007-2008 to provide debt service to support \$10,000,000 in bonds for a Local and District Health Department Infrastructure Pool to be administered by the Department for Public Health to address a portion of the construction and renovation needs of the local public health agencies as set forth in Part II, Capital Projects Budget, of this Act. The Department for Public Health shall establish an application process to participate in this pool, and that process shall require in-kind or matching funds from the local agency of not less than 25 percent of the grant requested. No individual grant from this pool shall exceed \$500,000. If the amount of bond funds available from the pool is not sufficient to cover all applications, the department shall determine the distribution of pool assets."

"Kentucky Prescription Drug Patient Assistance Program: Included in the above General Fund appropriation is \$125,000 in fiscal year 2006-2007 and \$200,000 in fiscal year 2007-2008 to establish the Kentucky Prescription Drug Patient Assistance Program to create a statewide network to link low-income Kentuckians with prescription drug patient assistance programs offered by

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pharmaceutical companies and to provide assistance in obtaining and completing the required documents. The Department may contract with the University of Kentucky, local health departments, or other organizations to develop a network and provide this assistance.

(a) As used in this subsection, "prescription drug patient assistance programs" means the programs offered by pharmaceutical companies under which the companies provide drugs to low-income individuals at no charge or at a substantially reduced cost. The term does not include the provision of a drug as part of a clinical trial.

(b) The Kentucky Prescription Drug Patient Assistance Program is established within the Cabinet for Health and Family Services, Department for Public Health. The purposes of the program are to:

1. Create an Internet-based statewide network to link low-income Kentuckians with prescription drug patient assistance programs offered by pharmaceutical companies;
2. Provide assistance in obtaining and completing the required documents;
3. Establish guidelines related to the security and privacy of protected health information provided through the Internet-based statewide network; and
4. Explore the feasibility of the standardization of the application process for prescription drug patient assistance programs.

(c) If funds are available, the program created in paragraph (b) of this subsection shall:

1. Provide information on the eligibility guidelines and drug coverage provided through any drug assistance program offered by the cabinet;
2. Provide information on the process for applying to pharmaceutical companies for free or discounted prescription drugs;
3. Provide information to individuals, physicians, pharmacists, and pharmacies regarding eligibility for prescription drug patient assistance programs;
4. Increase awareness of the various prescription drug patient assistance programs offered by pharmaceutical companies;
5. Establish an Internet-based statewide network to provide information on prescription drug patient assistance programs;
6. Link individuals to local community resources to assist with completing required documents; and
7. Use the e-health network Web site to provide a link to information on prescription drug assistance programs, eligibility guidelines, and applications. The e-health network link shall have the capability of supporting the completion and transmission of the applications online to health care providers for any required signatures.

(d) The cabinet may consult or contract with the University of Kentucky College of Pharmacy, University of Kentucky College of Agriculture Cooperative Extension, local health departments, libraries, the Kentucky Cancer Caucus, or other organizations to develop a network of agencies to assist individuals in accessing prescriptions through the prescription drug patient assistance programs.

(e) The cabinet may seek funding for the Internet-based statewide network created under paragraph (b) of this subsection from pharmaceutical companies or any other private entity. Any funding provided by a private entity shall be on a voluntary basis.

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(f) The cabinet may promulgate an administrative regulation to establish guidelines related to the security and privacy of protected health information provided through the Internet-based statewide network created under paragraph (b) of this subsection."

"Central Kentucky Blood Center: Included in the above General Fund appropriation is \$500,000 in fiscal year 2006-2007 to provide assistance toward the construction of new facilities and purchase of equipment related to blood collection and distribution."

"Osteoporosis Prevention and Education Program: Included in the above General Fund appropriation is \$90,000 in each fiscal year to establish, promote, and maintain a statewide multigenerational osteoporosis prevention and education program."

"Poison Control Center: Additional support of \$150,000 is provided in the above General Fund appropriation in each fiscal year for the Poison Control Center to provide for increased operating costs since the program began."

"Lead Poisoning and Screening Program: Included in the above General Fund appropriation is \$50,000 in each fiscal year for the Lead Poisoning and Screening Program. With these funds, the Department for Public Health shall review all federal Medicaid or Medicare compliance issues with respect to lead poisoning and screening and report its findings to the General Assembly. The report shall include a proposed plan of action to correct any deficiencies or areas where programs and services are offered or supported by the Cabinet and are not in compliance with federal requirements related to lead poisoning and screening."

"Area Health Education Centers: Included in the above General Fund appropriation is \$1,500,000 in fiscal year 2006-2007 and \$1,500,000 in fiscal year 2007-2008 to support the Area Health Education Centers. The Cabinet for Health and Family Services shall contract with the University of Louisville and the University of Kentucky to provide the required support and the amount of that contract shall be in addition to any other appropriations received by the universities and shall not become part of the universities' base budgets for purposes of the Council on Postsecondary Education funding formula."

The General Assembly also provides additional General Fund support for the following items:

1. UK Center for Rural Health - KY Homeplace - \$208,000 in 2006-2007 and \$208,000 in 2007-2008;
2. Health Education and Registration Training - \$50,000 in 2006-2007 and \$50,000 in 2007-2008;
3. Community Health Clinic - \$100,000 in 2006-2007 and \$100,000 in 2007-2008;
4. Indigent Health Services - \$25,000 in 2006-2007;
5. Liberty District Ralph Bunch Community Center - \$25,000 in 2006-2007;
6. Epilepsy Foundation of Kentucky - \$100,000 in 2006-2007 and \$100,000 in 2007-2008;

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7. Lexington Hearing and Speech Center - \$50,000 in 2006-2007;
8. Saint Joseph's Mobile Health Clinic - \$34,000 in 2007-2008; and,
9. Mission Frankfort Clinic - \$50,000 in 2006-2007.

The General Assembly adds \$750,000 General Fund in fiscal year 2007-2008 to the base budget for additional Smoking Cessation Program services.

The General Assembly amends the State/Executive Branch Budget Bill, Part II Capital Budget, to include the \$10,000,000 Bond Funds in fiscal year 2006-2007 for the Local and District Health Department Construction Pool.

H - Health and Family Services Cabinet**Capital Budget****Public Health**

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. CAPITAL PROJECT RECAP BY FUND SOURCE									
Bond Funds					10,000,000	10,000,000			
TOTAL CAPITAL					10,000,000	10,000,000			
II. CAPITAL PROJECTS									
1	Local and District Health Department Construction Pool								
PRJ7281132									
Bond Funds					10,000,000	10,000,000			
Project Total					10,000,000	10,000,000			
TOTAL CAPITAL					10,000,000	10,000,000			

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H - Health and Family Services Cabinet

Operating Budget

Health Policy

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	632,700	632,700		636,000	636,000		625,600	625,600	
Restricted Funds	579,500	579,500		605,700	605,700		622,400	622,400	
Regular Total Funds	1,212,200	1,212,200		1,241,700	1,241,700		1,248,000	1,248,000	
Use of Continuing									
TOTAL FUNDS	1,212,200	1,212,200		1,241,700	1,241,700		1,248,000	1,248,000	
II. EXPENDITURE CATEGORY									
Personnel Costs	1,172,200	1,172,200		1,196,700	1,196,700		1,203,000	1,203,000	
Operating Expenses	40,000	40,000		45,000	45,000		45,000	45,000	
TOTAL EXPENDITURES	1,212,200	1,212,200		1,241,700	1,241,700		1,248,000	1,248,000	
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	632,700	632,700		636,000	636,000		625,600	625,600	
Restricted Funds	579,500	579,500		250,500	250,500		250,500	250,500	
Regular Total Funds	1,212,200	1,212,200		886,500	886,500		876,100	876,100	
Use of Continuing									
TOTAL BASE LEVEL	1,212,200	1,212,200		886,500	886,500		876,100	876,100	
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
Restricted Funds				355,200	355,200		371,900	371,900	
TOTAL ADDITIONAL				355,200	355,200		371,900	371,900	
V. ADDITIONAL BUDGET ITEMS									
1	EXPAN CHFS Health Policy -Staffing								
ABR7240001	Provide Restricted Funds to support 1 vacant position and 3 additional staff positions.								
Restricted Funds				355,200	355,200		371,900	371,900	
Project Total				355,200	355,200		371,900	371,900	
TOTAL ADDITIONAL				355,200	355,200		371,900	371,900	

TRANSFERS TO THE GENERAL FUND**Health Policy**

Agency Revenue Fund 351,700 351,700
 (KRS 212.025(2))

H - Health and Family Services Cabinet**Operating Budget****Health Policy**

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
TOTAL	351,700	351,700							

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Office of Health Policy

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part V, Funds Transfer, includes a transfer from Health Policy, Restricted Funds of \$351,700 in fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part I, Operating Budget, Restricted Funds, includes a projected increase in receipts as a result of a revised method of determining the fee for CON applications.

GENERAL ASSEMBLY

The General Assembly concurs with the Branch with the following change:

The General Assembly adds the following language provision to the State/Executive Branch Budget Bill, Part I, Operating Budget:

"Voluntary Relinquishment of a Certificate of Need or Licensure: Notwithstanding KRS 216B.061, following the voluntary closure of a health care facility, revocation of a certificate of need, or the revocation of licensure, the beds, equipment, and services provided by the closed facility shall be reserved for applications for any certificate of need to reestablish the same services, in whole or part, in the same county as the closed health facility."

The Governor of the Commonwealth vetoes, in part, the following:

Partial Veto #11 *"I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky Constitution, do hereby veto the following part:*

Page 106, lines 14 through 19, in their entirety.

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This part suspends a statute for the stated purpose of allowing a reservation of a certificate of need for the same health care facility services in the same county in the event of a voluntary closure, revocation of a certificate of need, or revocation of licensure. I am vetoing this part because existing law already permits the re-establishment of a licensed health care service or facility which was voluntarily discontinued; because this part nullifies existing legal authority of the Cabinet for Health and Family Services that is unrelated to the policy of this part; and because this part could provide unintended statutory consequences to the regulation and licensure of health care facilities."

H - Health and Family Services Cabinet**Operating Budget****Human Support Services**

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund (Tobacco)				100,000	100,000		100,000	100,000	
General Fund	30,455,900	30,455,900		31,967,500	41,528,400	9,560,900	32,502,700	45,648,400	13,145,700
Restricted Funds	825,900	825,900		656,600	656,600		656,600	656,600	
Federal Funds	24,448,900	24,448,900		24,396,700	24,396,700		24,401,900	24,401,900	
Regular Total Funds	55,730,700	55,730,700		57,120,800	66,681,700	9,560,900	57,661,200	70,806,900	13,145,700
Use of Continuing									
TOTAL FUNDS	55,730,700	55,730,700		57,120,800	66,681,700	9,560,900	57,661,200	70,806,900	13,145,700
II. EXPENDITURE CATEGORY									
Personnel Costs	2,508,700	2,508,700		2,501,800	2,501,800		2,542,200	2,542,200	
Operating Expenses	580,300	580,300		420,800	420,800		420,800	420,800	
Grants, Loans, Benefits	52,641,700	52,641,700		54,198,200	63,759,100	9,560,900	54,698,200	67,843,900	13,145,700
TOTAL EXPENDITURES	55,730,700	55,730,700		57,120,800	66,681,700	9,560,900	57,661,200	70,806,900	13,145,700
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund (Tobacco)				100,000	100,000		100,000	100,000	
General Fund	30,455,900	30,455,900		31,467,500	31,467,500		31,502,700	31,502,700	
Restricted Funds	725,900	725,900		185,900	185,900		185,900	185,900	
Federal Funds	24,448,900	24,448,900		24,396,700	24,396,700		24,401,900	24,401,900	
Regular Total Funds	55,630,700	55,630,700		56,150,100	56,150,100		56,190,500	56,190,500	
Use of Continuing									
TOTAL BASE LEVEL	55,630,700	55,630,700		56,150,100	56,150,100		56,190,500	56,190,500	
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
General Fund				500,000	10,060,900	9,560,900	1,000,000	14,145,700	13,145,700
Restricted Funds	100,000	100,000		470,700	470,700		470,700	470,700	
TOTAL ADDITIONAL	100,000	100,000		970,700	10,531,600	9,560,900	1,470,700	14,616,400	13,145,700
V. ADDITIONAL BUDGET ITEMS									
1	EXPAN Human Support Services - Aging Services Waiting List								
ABR7300003	Increase funding for Homecare, PCAP and expanded non-medical Adult Day Care.								
General Fund				500,000	3,500,000	3,000,000	1,000,000	4,000,000	3,000,000
Project Total				500,000	3,500,000	3,000,000	1,000,000	4,000,000	3,000,000

H - Health and Family Services Cabinet**Operating Budget****Human Support Services**

			Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
			Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
2	EXPAN	Human Support Services - LTC Ombudsman									
ABR7300002			Continue the policy to fully fund these positions with Restricted Funds.								
Restricted Funds						460,000	460,000		460,000	460,000	
Project Total						460,000	460,000		460,000	460,000	
3	EXPAN	Human Support Services - Assisted Living									
ABR7300004			Provide Restricted Funds to conduct additional Assisted Living Facility reviews.								
Restricted Funds						10,700	10,700		10,700	10,700	
Project Total						10,700	10,700		10,700	10,700	
4	CONT	Area Agencies on Aging - Fuel Cost									
ABR7300009			Provide Restricted Funds to address increased cost of motor vehicle fuel for home delivered meals in FY 2005-2006.								
Restricted Funds			100,000	100,000							
Project Total			100,000	100,000							
5	CONT	Regional Rape Crisis Center									
ABR7300010			Provide \$66,000 additional General Fund support to each district.								
General Fund						1,000,000	1,000,000		1,000,000	1,000,000	
Project Total						1,000,000	1,000,000		1,000,000	1,000,000	
6	CONT	Child Advocacy Centers									
ABR7300011			Provide \$32,000 additional General Fund support to each district for base program costs and \$34,600 General Fund to each district that will employ, or contract for, a 1/2 time forensic interviewer.								
General Fund						1,000,000	1,000,000		1,000,000	1,000,000	
Project Total						1,000,000	1,000,000		1,000,000	1,000,000	
7	CONT	Domestic Violence Services									
ABR7300012			Provide \$45,000 additional General Fund support to each district.								
General Fund						677,500	677,500		677,500	677,500	
Project Total						677,500	677,500		677,500	677,500	
8	NEW	Grandparent Assistance Program									
ABR7300014			Provide General Fund to establish the Grandparent Assistance Program for those grandparents, below 150% of poverty level, who are the primary caregiver of grandchildren.								
General Fund						1,250,000	1,250,000		2,000,000	2,000,000	
Project Total						1,250,000	1,250,000		2,000,000	2,000,000	

H - Health and Family Services Cabinet**Operating Budget****Human Support Services**

Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
9 CONT FRYSC rate adjustment								
ABR7300015 Provide General Fund to adjust the rates to \$204 per eligible in FY 2006-07 and \$210 per eligible in FY 2007-08.								
General Fund				1,522,600	1,522,600		3,045,200	3,045,200
Project Total				1,522,600	1,522,600		3,045,200	3,045,200
10 EXPAN FRYSC Expansion								
ABR7300016 Provide General Fund to expand FRYSC services to 25 additional eligible schools in FY 2006-07 and 29 more eligible schools in FY 2007-08.								
General Fund				1,060,800	1,060,800		2,373,000	2,373,000
Project Total				1,060,800	1,060,800		2,373,000	2,373,000
11 NEW Dementia Training								
ABR7300017 Provide funds for pilot project for voluntary dementia training								
General Fund				50,000	50,000		50,000	50,000
Project Total				50,000	50,000		50,000	50,000
TOTAL ADDITIONAL	100,000	100,000		970,700	10,531,600	9,560,900	1,470,700	14,616,400
								13,145,700

TRANSFERS TO THE GENERAL FUND**Human Support Services**

Agency Revenue Fund 156,500 156,500
(KRS 212.025(2))

TOTAL 156,500 156,500

**Fiscal Biennium 2006-2008
Budget Modification Report**

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Human Support Services

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part V, Funds Transfer, includes a transfer from Human Support Services, Restricted Funds of \$156,500 in fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part I, Operating Budget includes language provisions that direct:

"Local Match Requirements: Notwithstanding KRS 205.460, entities contracting with the Cabinet for Health and Family Services to provide essential services under KRS 205.455 and 205.460 shall provide local match equal to or greater than the amount in effect during fiscal year 2005-2006. Local match may include any combination of materials, commodities, transportation, office space, personal services, or other types of facility services or funds. The Secretary of the Cabinet for Health and Family Services shall prescribe the procedures to certify the local match assurance."

"Tobacco Settlement Funds: Included in the above General Fund (Tobacco) appropriation is \$100,000 in each fiscal year for the Children's Advocacy Centers."

The State/Executive Branch Budget Bill, Part X, Phase I Tobacco Settlement includes language that directs the following:

"Children's Advocacy Centers: Included in the above General Fund (Tobacco) appropriation is \$100,000 in each fiscal year for Children's Advocacy Centers."

GENERAL ASSEMBLY

The General Assembly concurs with the Branch with the following changes:

**Fiscal Biennium 2006-2008
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Human Support Services

The General Assembly amends the State/Executive Branch Budget Bill, Part I Operating Budget, to include the following language provisions:

"Children's Advocacy Centers: Included in the above General Fund appropriation is funding to provide each Regional Children's Advocacy Center an increase in its base operating grant of \$32,000 for each fiscal year. Also included in the above General Fund appropriation is funding to provide each Regional Children's Advocacy Center an additional \$34,600 appropriation each fiscal year provided that the Center has on staff, or can document the intent to employ or contract for, a qualified forensic interviewer at least half-time."

"Regional Rape Crisis Centers: Included in the above General Fund appropriation is funding to provide an increase of \$66,600 in base state funding for each region, for each year of the biennium, to cover increased levels of client service needs and increased cost of center operations."

"Domestic Violence Statewide Programs: Included in the above General Fund appropriation is funding to provide a grant of \$45,000 for each region for each fiscal year, to cover increased levels of client service needs and increased cost of center operations of Domestic Violence Programs. These funds are in addition to funding received through the Department for Community Based Services."

"Family Resource and Youth Service Centers: Included in the above General Fund appropriation is \$1,522,600 in fiscal year 2006-2007 and \$3,045,200 in fiscal year 2007-2008 to provide an allocation rate increase to \$204 per eligible child in fiscal year 2006-2008, and return to the original allocation rate of \$210 per eligible child in fiscal year 2007-2008. Also included in the above General Fund appropriation is \$1,060,800 to expand the program to serve 25 additional schools in fiscal year 2006-2007 and \$2,373,000 to expand the program to serve 29 additional schools in fiscal year 2007-2008."

"Kentucky Family Caregiver Program: Included in the above General Fund appropriation is \$1,250,000 in fiscal year 2006-2007 and \$2,000,000 in fiscal year 2007-2008 for the expansion of the Kentucky Family Caregiver Program to provide assistance grants or vouchers to grandparents who are the primary caregivers of their grandchildren. To be eligible for this program, a grandparent may not have annual income that exceeds 150 percent of the federal poverty level and may not be receiving payments from the Kinship Care Program. The maximum total of grants or vouchers per child shall be \$750 in any one fiscal year for each grandchild. Grants or vouchers from this program shall be utilized by the grandparent to provide child clothing, respite assistance, educational supplies or assistance, required legal services, medical and dental services, and other expenses for the grandchild that the cabinet authorizes. The

**Fiscal Biennium 2006-2008
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Human Support Services

Cabinet for Health and Family Services shall promulgate administrative regulations, in accordance with KRS Chapter 13A, to implement this program no later than January 1, 2007."

"Expansion of Aging Services: Included in the above General Fund appropriation is \$3,500,000 in fiscal year 2006-2007 and \$4,000,000 in fiscal year 2007-2008 to expand Aging Services. With these additional funds and the base appropriation, the General Fund amount shall be expended in the following manner: \$28,224,300 in fiscal year 2006-2007 and \$28,724,400 in fiscal year 2007-2008 to address waiting lists in programs such as Homecare Services, the Personal Care Attendant Program, Adult Day Care, and Home-Delivered Meals. The additional funding provided in this subsection shall only be utilized for the provision of additional direct services in these programs."

"Dementia Training: Included in the above General Fund appropriation is \$50,000 in fiscal year 2006-2007 and \$50,000 in fiscal year 2007-2008 to create a voluntary pilot program for dementia training for long-term care facilities."

"Ready, Set, Success Program: The Department for Human Support Services shall establish a "Ready, Set, Success" pilot program to encourage the development of local community partnerships and the development of programs and services for children who are under age six, and to ensure that children across the Commonwealth are born healthy, are nurtured, and remain healthy, safe, and prepared to succeed in school and life.

- a. The Department shall promulgate administrative regulations to define the "Ready, Set, Success" Program and service criteria.
- b. The Department, in cooperation with the Kentucky Department of Education and the Education Cabinet, may host an annual statewide "Ready, Set, Success" summit to share findings and best practices from the pilot program. The Department shall advise the Department of Education and the Education Cabinet on the time and location of the summit."

H - Health and Family Services Cabinet

Operating Budget

Ombudsman

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund	3,619,500	3,619,500		3,568,400	3,568,400		3,534,400	3,534,400	
Restricted Funds	50,000	50,000		50,000	50,000		50,000	50,000	
Federal Funds	2,234,800	2,234,800		2,203,600	2,203,600		2,183,000	2,183,000	
Regular Total Funds	5,904,300	5,904,300		5,822,000	5,822,000		5,767,400	5,767,400	
Use of Continuing									
TOTAL FUNDS	5,904,300	5,904,300		5,822,000	5,822,000		5,767,400	5,767,400	
II. EXPENDITURE CATEGORY									
Personnel Costs	5,406,100	5,406,100		5,323,800	5,323,800		5,269,200	5,269,200	
Operating Expenses	498,200	498,200		498,200	498,200		498,200	498,200	
TOTAL EXPENDITURES	5,904,300	5,904,300		5,822,000	5,822,000		5,767,400	5,767,400	
III. BASE LEVEL BUDGET BY FUND SOURCE									
General Fund	3,619,500	3,619,500		3,568,400	3,568,400		3,534,400	3,534,400	
Restricted Funds	50,000	50,000		50,000	50,000		50,000	50,000	
Federal Funds	2,234,800	2,234,800		2,203,600	2,203,600		2,183,000	2,183,000	
Regular Total Funds	5,904,300	5,904,300		5,822,000	5,822,000		5,767,400	5,767,400	
Use of Continuing									
TOTAL BASE LEVEL	5,904,300	5,904,300		5,822,000	5,822,000		5,767,400	5,767,400	
TRANSFERS TO THE GENERAL FUND									
Ombudsman									
Agency Revenue Fund (KRS 212.025(2))	1,600	1,600							
TOTAL	1,600	1,600							

**Fiscal Biennium 2006-2008
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Ombudsman

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part V, Funds Transfer, includes a transfer from the Ombudsman, Restricted Funds of \$1,600 in fiscal year 2005-2006.

GENERAL ASSEMBLY

The General Assembly concurs with the Branch.

H - Health and Family Services Cabinet

Operating Budget

Disability Determination Services

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
Restricted Funds	65,800	65,800		65,800	65,800		65,800	65,800	
Federal Funds	44,692,200	44,692,200		49,384,000	48,584,000	(800,000)	50,974,900	50,174,900	(800,000)
Regular Total Funds	44,758,000	44,758,000		49,449,800	48,649,800	(800,000)	51,040,700	50,240,700	(800,000)
Use of Continuing									
TOTAL FUNDS	44,758,000	44,758,000		49,449,800	48,649,800	(800,000)	51,040,700	50,240,700	(800,000)
II. EXPENDITURE CATEGORY									
Personnel Costs	28,178,000	28,178,000		29,777,800	29,777,800		30,715,300	30,715,300	
Operating Expenses	3,430,000	3,430,000		3,469,100	3,469,100		3,466,600	3,466,600	
Grants, Loans, Benefits	13,150,000	13,150,000		16,202,900	15,402,900	(800,000)	16,858,800	16,058,800	(800,000)
TOTAL EXPENDITURES	44,758,000	44,758,000		49,449,800	48,649,800	(800,000)	51,040,700	50,240,700	(800,000)
III. BASE LEVEL BUDGET BY FUND SOURCE									
Restricted Funds	65,800	65,800		65,800	65,800		65,800	65,800	
Federal Funds	44,692,200	44,692,200		47,739,300	46,939,300	(800,000)	49,224,300	48,424,300	(800,000)
Regular Total Funds	44,758,000	44,758,000		47,805,100	47,005,100	(800,000)	49,290,100	48,490,100	(800,000)
Use of Continuing									
TOTAL BASE LEVEL	44,758,000	44,758,000		47,805,100	47,005,100	(800,000)	49,290,100	48,490,100	(800,000)
IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE									
Federal Funds				1,644,700	1,644,700		1,750,600	1,750,600	
TOTAL ADDITIONAL				1,644,700	1,644,700		1,750,600	1,750,600	
V. ADDITIONAL BUDGET ITEMS									
1 CONT Disability Determination - Staffing									
ABR7260001 Provide Federal Funds to support 37 vacant positions.									
Federal Funds				1,644,700	1,644,700		1,750,600	1,750,600	
Project Total				1,644,700	1,644,700		1,750,600	1,750,600	
TOTAL ADDITIONAL				1,644,700	1,644,700		1,750,600	1,750,600	

TRANSFERS TO THE GENERAL FUND

Disability Determination Services

Agency Revenue Fund	2,400	2,400
(KRS 212.025(2))		

H - Health and Family Services Cabinet**Operating Budget****Disability Determination Services**

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
TOTAL	2,400	2,400							

**Fiscal Biennium 2006-2008
Budget Modification Report**

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Disability Determinations

BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part I, Operating Budget provides additional Federal Funds in the amount of \$1,644,700 in fiscal year 2006-2007 and \$1,750,000 in fiscal year 2007-2008 to support 37 additional personnel.

The State/Executive Branch Budget Bill, Part V, Funds Transfer, includes a transfer from the Department of Disability Determinations, Restricted Funds of \$2,400 in fiscal year 2005-2006.

GENERAL ASSEMBLY

The General Assembly reduces the Part I, Operating Budget by \$800,000 in Federal Funds in each fiscal year as a result of increased fraud and abuse investigations by the Office of the Inspector General.

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H - Health and Family Services Cabinet

Capital Budget

Disability Determination Services

Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference

I. CAPITAL PROJECT RECAP BY FUND SOURCE

Federal Funds

TOTAL CAPITAL

II. CAPITAL PROJECTS

1 Disability Deter. - Franklin County - Lease

PRJ7260001

Federal Funds

Project Total

TOTAL CAPITAL

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H - Health and Family Services Cabinet

Operating Budget

Community Based Services

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. APPROPRIATIONS SUMMARY BY FUND SOURCE									
General Fund (Tobacco)	7,259,400	7,259,400		6,970,400	6,970,400		7,420,400	7,420,400	
General Fund	307,125,300	307,125,300		314,483,500	316,033,500	1,550,000	331,009,300	341,729,700	10,720,400
Restricted Funds	122,699,400	122,699,400		133,505,800	133,505,800		136,301,300	136,301,300	
Federal Funds	514,614,000	514,614,000		517,995,000	511,118,200	(6,876,800)	525,423,000	523,230,400	(2,192,600)
Regular Total Funds	951,698,100	951,698,100		972,954,700	967,627,900	(5,326,800)	1,000,154,000	1,008,681,800	8,527,800
Use of Continuing	127,400	127,400							
TOTAL FUNDS	951,825,500	951,825,500		972,954,700	967,627,900	(5,326,800)	1,000,154,000	1,008,681,800	8,527,800

II. EXPENDITURE CATEGORY

Personnel Costs	245,277,400	245,277,400		249,072,200	249,072,200		252,428,800	252,428,800	
Operating Expenses	44,006,300	44,006,300		41,483,700	41,483,700		41,510,400	41,510,400	
Grants, Loans, Benefits	662,541,800	662,541,800		682,398,800	677,072,000	(5,326,800)	706,214,800	714,261,600	8,046,800
Debt Service								481,000	481,000
TOTAL EXPENDITURES	951,825,500	951,825,500		972,954,700	967,627,900	(5,326,800)	1,000,154,000	1,008,681,800	8,527,800

III. BASE LEVEL BUDGET BY FUND SOURCE

General Fund (Tobacco)	7,259,400	7,259,400		6,970,400	6,970,400		7,420,400	7,420,400	
General Fund	307,125,300	307,125,300		305,978,700	304,725,500	(1,253,200)	305,982,400	304,974,100	(1,008,300)
Restricted Funds	122,699,400	122,699,400		122,349,600	122,349,600		127,336,800	127,336,800	
Federal Funds	509,713,700	509,713,700		494,500,600	487,300,600	(7,200,000)	491,874,800	484,674,800	(7,200,000)
Regular Total Funds	946,797,800	946,797,800		929,799,300	921,346,100	(8,453,200)	932,614,400	924,406,100	(8,208,300)
Use of Continuing	127,400	127,400							
TOTAL BASE LEVEL	946,925,200	946,925,200		929,799,300	921,346,100	(8,453,200)	932,614,400	924,406,100	(8,208,300)

IV. ADDITIONAL BUDGET RECAP BY FUND SOURCE

General Fund				8,504,800	11,308,000	2,803,200	25,026,900	36,755,600	11,728,700
Restricted Funds				11,156,200	11,156,200		8,964,500	8,964,500	
Federal Funds	4,900,300	4,900,300		23,494,400	23,817,600	323,200	33,548,200	38,555,600	5,007,400
TOTAL ADDITIONAL	4,900,300	4,900,300		43,155,400	46,281,800	3,126,400	67,539,600	84,275,700	16,736,100

V. ADDITIONAL BUDGET ITEMS**1 GB Family & Community Services**

ABR7360006 Provide funds to support expenses relating to adult and child protective services and Out-of-Home Care/Alternatives for Children.

General Fund				7,699,900	7,699,900		23,590,900	23,590,900	
Restricted Funds				11,156,200	11,156,200		8,964,500	8,964,500	
Federal Funds	4,900,300	4,900,300		13,571,800	13,571,800		23,216,500	23,216,500	

H - Health and Family Services Cabinet**Operating Budget****Community Based Services**

	Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
Project Total	4,900,300	4,900,300		32,427,900	32,427,900		55,771,900	55,771,900	
2 EXPAN State Supplementation									
ABR7360007 Provide funds to support Cost of Living Adjustment for program recipients in FY 2007-08.									
General Fund							277,500	277,500	
Project Total							277,500	277,500	
3 RRF Food Stamps									
ABR7360003 Provide funds to continue the Electronic Benefits Transfer program.									
General Fund				804,900	804,900		1,158,500	1,158,500	
Federal Funds				465,600	465,600		766,800	766,800	
Project Total				1,270,500	1,270,500		1,925,300	1,925,300	
4 GB Child Care									
ABR7360005 Provide funds to support an additional 855 families in FY 2006-07 and 880 families in FY 2007-08.									
Federal Funds				3,757,000	3,757,000		3,864,900	3,864,900	
Project Total				3,757,000	3,757,000		3,864,900	3,864,900	
5 GB Weatherization									
ABR7360001 Provide funds to support 320 household weather repairs.									
Federal Funds				900,000	900,000		900,000	900,000	
Project Total				900,000	900,000		900,000	900,000	
6 GB Low Income Home Energy Assistance Program (LIHEAP)									
ABR7360004 Provide funds to support 32,600 additional low income households.									
Federal Funds				4,800,000	4,800,000		4,800,000	4,800,000	
Project Total				4,800,000	4,800,000		4,800,000	4,800,000	
7 NEW Kentucky Baptist Childrens Homes Youth Support Center									
ABR7360020 Provide funds to support the Kentucky Baptist Youth Support Center in London, Ky.									
General Fund					150,000	150,000		150,000	150,000
Project Total					150,000	150,000		150,000	150,000
8 EXPAN Save the Children Rural Literacy Program									
ABR7360021 Provide funds to expand rural literacy programs to additional schools.									
General Fund					250,000	250,000		250,000	250,000
Project Total					250,000	250,000		250,000	250,000

H - Health and Family Services Cabinet**Operating Budget****Community Based Services**

Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
9 CONT	Foster Youth Transitional Assistance							
ABR7360024	Provide funds to expand foster youth transitional assistance.							
General Fund				1,000,000	1,000,000		1,000,000	1,000,000
Project Total				1,000,000	1,000,000		1,000,000	1,000,000
10 CONT	Protection and Permanency Staff Technology Improvements							
ABR7360025	Provide funds to purchase computers, digital cameras and printers.							
General Fund				1,253,200	1,253,200		1,008,300	1,008,300
Federal Funds				323,200	323,200		291,700	291,700
Project Total				1,576,400	1,576,400		1,300,000	1,300,000
11 CONT	Foster Parent and Adoption Assistance Rate Increases							
ABR7360026	Provide funds to support a \$3 per day rate increase in FY 2007-08 for foster parents and adoption assistance.							
General Fund							4,844,500	4,844,500
Federal Funds							3,989,300	3,989,300
Project Total							8,833,800	8,833,800
12 CONT	Private Child Care Rate Increases							
ABR7360027	Provide funds to support a \$3 per day rate increase in FY 2007-08 for private child care providers.							
General Fund							2,883,700	2,883,700
Federal Funds							544,800	544,800
Project Total							3,428,500	3,428,500
13 NEW	Performance Incentives for Hard to Place Youth							
ABR7360029	Establish a pool to reward private child care providers with incentives to serve hard to place youth in FY 2007-08.							
General Fund							961,200	961,200
Federal Funds							181,600	181,600
Project Total							1,142,800	1,142,800
14 NEW	Debt Service							
ABR7360028	Provide debt service for up to \$8,250,000 in new bonds for Home of the Innocents Phase II of the Childrens Village contingent upon matching funds being provided from other sources.							
General Fund							385,000	385,000
Project Total							385,000	385,000

H - Health and Family Services Cabinet**Operating Budget****Community Based Services**

			Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
			Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
15	NEW	Debt Service									
ABR7360030			Provide funds to support debt service for \$2,000,000 in new bonds for Brooklawn Child and Family Services. Governor Fletcher vetoed this project; therefore, these funds shall lapse to the credit of the General Fund in FY 2007-08.								
General Fund										96,000	96,000
Project Total										96,000	96,000
16	NEW	Methodist Childrens Home of Kentucky									
ABR7360031			Provide General Fund support equaling \$150,000 in each fiscal year.								
General Fund							150,000	150,000		150,000	150,000
Project Total							150,000	150,000		150,000	150,000
TOTAL ADDITIONAL			4,900,300	4,900,300		43,155,400	46,281,800	3,126,400	67,539,600	84,275,700	16,736,100

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BRANCH BUDGET

The State/Executive Branch Budget Bill continues services and statutory programs in fiscal biennium 2006-2008 based upon extending the reduced fiscal year 2005-2006 funding level as revised by the Governor's fiscal year 2005-2006 Budget Stability Initiative. This initiative is projected to contribute \$142,500,000 to the General Fund during fiscal year 2005-2006.

The State/Executive Branch Budget Bill, Part I, Operating Budget includes additional funding support as follows:

1) \$4,900,300 in Federal Funds in fiscal year 2005-2006; \$7,699,900 in General Fund support, \$11,156,200 in Restricted Funds and \$13,571,800 in Federal Funds in fiscal year 2006-2007, and \$23,590,900 in General Fund support, \$8,964,500 in Restricted Funds and \$23,216,500 in Federal Funds in fiscal year 2007-2008 to continue current adult and child protective services. Included in these amounts are increases totaling \$4,900,300 in fiscal year 2005-2006, \$28,674,500 in fiscal year 2006-2007 and \$50,254,400 in fiscal year 2007-2008 to continue current services in Alternatives for Children/Out-of-Home Care and support an increased number of court-committed children in the care of the Cabinet; 2) \$277,500 in General Fund support in fiscal year 2007-2008 for a cost of living increase for State Supplementation recipients; 3) \$804,900 in General Fund support and \$465,600 in Federal Funds in fiscal year 2006-2007 and \$1,158,500 in General Fund support and \$766,800 in Federal Funds in fiscal year 2007-2008 to replace Restricted Funds and continue the Food Stamps Electronic Benefits Transfer program; 4) Federal Funds totaling \$3,757,000 in fiscal year 2006-2007 and \$3,864,900 in fiscal year 2007-2008 to support an increased number of child care recipients; 5) Federal Funds totaling \$900,000 in each fiscal year to expand the Weatherization program; and, 6) Federal Funds totaling \$4.8 million in each fiscal year to expand the Low Income Home Energy Assistance Program (LIHEAP).

The State/Executive Branch Budget Bill, Part I, Operating Budget includes the following language provisions that direct:

"Tobacco Settlement Funds: Included in the above General Fund (Tobacco) appropriation is \$6,970,400 in fiscal year 2006-2007 and \$7,420,400 in fiscal year 2007-2008 for the Early Childhood Development Program."

"Out-of-Home Care: Included in the above General Fund appropriation is \$7,383,000 in fiscal year 2006-2007 and \$22,962,600 in fiscal year 2007-2008 which is necessary to support and sustain the increased number of court-committed children in the care of the Cabinet."

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"Criminal Background Investigation Fee Establishment: The Secretary of the Cabinet for Health and Family Services may promulgate administrative regulations necessary to prescribe criminal background investigation fee amounts which are reflected in the Restricted Funds appropriation above."

"Department for Community Based Services Modernization: Savings generated through efficiencies achieved from the modernization and streamlining of the Department for Community Based Services shall be redirected to other areas within the Department for Community Based Services to enhance adult protection services and family based services, to accommodate increased numbers of children in care, and to offset reductions in available federal funding."

The State/Executive Branch Budget Bill, Part IV, State Salary/Compensation and Employment Policy addresses increments, retirement, health insurance, and personnel complement.

The State/Executive Branch Budget Bill, Part X, Phase I Tobacco Settlement includes a language provision that directs:

"Early Childhood Development Program: Included in the above General Fund (Tobacco) appropriation is \$6,970,400 in fiscal year 2006-2007 and \$7,420,400 in fiscal year 2007-2008 for the Early Childhood Development Program."

GENERAL ASSEMBLY

The General Assembly concurs with the Branch with the following changes:

The General Assembly redirects base General Fund support by \$1,253,200 and provides \$323,200 in Federal Funds in fiscal year 2006-2007 and redirects base General Fund support by \$1,008,300 and provides \$291,700 in Federal Funds in fiscal year 2007-2008 for Protection and Permanency Staff Technology Improvements.

The General Assembly provides additional funding support as follows:

1. \$150,000 in General Fund support in each fiscal year for the Kentucky Baptist Youth Support Center;
2. \$250,000 in General Fund support in each fiscal year to expand the Save the Children Rural Literacy Program;
3. \$1,000,000 in each fiscal year for Foster Youth Transitional Assistance;

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4. \$4,844,500 in General Fund support and \$3,989,300 in Federal Funds to increase Foster Parent and Adoption Assistance reimbursement by \$3 per day in fiscal year 2007-2008;
5. \$2,883,700 in General Fund support and \$544,800 in Federal Funds to increase private child care provider reimbursement by \$3 per day in fiscal year 2007-2008;
6. \$961,200 in General Fund support and \$181,600 in Federal Funds to establish an incentive pool for private child care providers to serve hard-to-place youth in fiscal year 2007-2008; and,
7. \$385,000 in General Fund support for debt service in fiscal year 2007-2008 for up to \$8,250,000 in new bonds for Home of the Innocents Phase II of the Childrens Village contingent upon matching funds being provided from other sources.

The General Assembly adds the following Part I, Operating Budget, language provisions:

"Protection and Permanency Staff Technology Improvements: Included in the above appropriation is \$1,008,300 in General Fund support and \$291,700 in Federal Funds in each fiscal year to provide technology improvements for each Adult Protection and Child Protection Services staff, including but not limited to new laptop or desktop computers. In addition, included in the above appropriation is \$244,900 in General Fund support and \$31,500 in Federal Funds in fiscal year 2006-2007 to provide digital cameras for each Adult Protection and Child Protection Services staff and a printer for each investigative team in each local office to assist in documenting abuse investigations."

"Foster Parent and Adoption Assistance Rate Increases: Included in the above appropriation to increase Foster Parent and Adoption Assistance daily reimbursement rates beginning on July 1, 2007 is \$4,844,500 in General Fund moneys and \$3,989,300 in Federal Funds for \$3 per day in fiscal year 2007-2008."

"Private Child Care Provider Rate Increases: Included in the above appropriation to increase Private Child Care Provider reimbursement rates beginning on July 1, 2007 is \$2,883,700 in General Fund moneys and \$544,800 in Federal Funds for an additional \$3 per day in fiscal year 2007-2008."

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"Performance Incentives for Hard-to-Place Youth: Included in the above appropriation is \$961,200 in General Fund moneys and \$181,600 in fiscal year 2007-2008 to create a pool to serve hard to place youth by providing performance incentives to private child care providers beginning on July 1, 2007."

"Foster Youth Transitional Assistance: Included in the above General Fund appropriation is \$1,000,000 in each fiscal year to provide assistance grants or vouchers to current or former foster youth ages 18 through 23. The maximum total of grants or vouchers per youth shall be \$7,500 in any one fiscal year for working youth. Youth may be eligible for an additional grant totaling \$2,500 per year while attending a community college or four year college or university. Grants or vouchers from this program shall be utilized by the youth for transitional assistance into independence, including but not limited to housing, clothing, transportation, tuition, medical and dental services, and other expenses for the youth for the transition that the cabinet authorizes. The Cabinet for Health and Family Services shall promulgate administrative regulations, in accordance with KRS Chapter 13A, to implement this program no later than October 1, 2006. Notwithstanding KRS 45.229, any General Fund moneys for this purpose unexpended in fiscal year 2006-2007 shall not lapse but shall carry forward into fiscal year 2007-2008 for the same purpose."

"Home of the Innocents: Included in the above General Fund appropriation is \$385,000 in fiscal year 2007-2008 for debt service to support new bonds for a matching grant to Home of the Innocents for Phase II of the Childrens' Village as set forth in Part II, Capital Projects Budget, of this Act. Up to \$8,250,000 in funds generated by Home of the Innocents from other public and private sources shall be matched by the Commonwealth."

"Brooklawn Child and Family Services: Included in the above General Fund appropriation is \$96,000 in fiscal year 2007-2008 for debt service to support new bonds for the Brooklawn Child and Family Services project as set forth in Part II, Capital Projects Budget, of this Act."

The General Assembly adds the following Part II, Capital Budget, project:

"Home of the Innocents - Phase II Children's Village

Bond Funds	8,250,000
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"Bond Issuance Contingency: The amount of bond issuance shall be contingent upon equalizing matching funds being provided from other fund sources."

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These parts represent capital projects authorized for bond financing. I am vetoing these projects because it is my belief that the Commonwealth cannot afford to sustain the debt that would have to be incurred to fund them without jeopardizing its credit rating and financial future. To fund these projects would limit the Commonwealth's ability to adequately fund its operating expenses in the short and long term. The overall level of debt of the Commonwealth has ballooned in recent years. Record levels of debt were approved in both the 2005 General Assembly and the 2006 General Assembly. In comparison to other states, the debt per capita for Kentucky has increased substantially while most states have held constant or reduced their

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relative debt levels. I do not take issue with the merit of any one of these projects, or their ability to have a positive impact on our Commonwealth. My concern is the overall level of debt that we will rely on our children and grandchildren to honor.

The credit rating services closely review the degree to which the Commonwealth can meet recurring expenditures with recurring revenues. I am concerned about the structural imbalance in the operating budget. However, due to the structure of the appropriations Act, there is limited ability to impact the appropriation levels in the budget without jeopardizing entire programs. Many of the projects vetoed herein were only provided with a half year of debt service in the biennium, adding to the structural imbalance that will have to be addressed in the succeeding biennial budget. The debt service for these capital projects represents \$11,076,000 in General Fund appropriations in fiscal year 2007-2008. These appropriations will lapse to the General Fund Surplus account..."

Partial Veto #12

"I, Ernie Fletcher, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky Constitution, do hereby veto the following part:

Page 111, line 27, in its entirety.

Page 112, lines 1 through 2, in their entirety.

This part directs any unexpended General Funds appropriated for Foster Youth Transitional Assistance in fiscal year 2006-2007 to carry forward into fiscal year 2007-2008 rather than lapsing to the General Fund Surplus account. I am vetoing this part because KRS 45.229 directs that unexpended General Fund appropriations lapse at the end of each fiscal year. Exceptions are sometimes made for a legitimate business purpose, such as expenditures that span two fiscal years. In this case, these are recurring expenditures. Moreover, House Bill 380 directs the Executive Branch to reduce unspecified General Fund expenditures in the amount of \$38,500,000 in fiscal year 2006-2007 and \$39,500,000 in fiscal year 2007-2008 from the collective appropriations made to the Executive Branch. Finally, House Bill 380 mandates certain expenditures from the General Fund Surplus account in numerous instances without making an appropriation."

H - Health and Family Services Cabinet**Capital Budget****Community Based Services**

Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
I. CAPITAL PROJECT RECAP BY FUND SOURCE								
General Fund								
Bond Funds								
				8,250,000	8,250,000			
TOTAL CAPITAL				8,250,000	8,250,000			

II. CAPITAL PROJECTS**1 Kenton Co. - Lease**

PRJ7362507

General Fund

Project Total**2 Warren Co. - Lease**

PRJ7362508

General Fund

Project Total**3 Campbell Co. - Lease**

PRJ7362509

General Fund

Project Total**4 Hardin Co. - Lease**

PRJ7362510

General Fund

Project Total**5 Kenton Co. - Lease - Madison Ave**

PRJ7362511

General Fund

Project Total**6 Fayette Co. - Lease**

PRJ7362512

General Fund

Project Total

H - Health and Family Services Cabinet**Capital Budget****Community Based Services**

		Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
		Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
7	Jefferson Co. - Lease									
PRJ7362513										
General Fund										
Project Total										
8	Shelby Co. - Lease									
PRJ7362514										
General Fund										
Project Total										
9	Fayette Co. - Lease - Centre Pkwy									
PRJ7362515										
General Fund										
Project Total										
10	Johnson Co. - Lease									
PRJ7362516										
General Fund										
Project Total										
11	Boyd County - Lease									
PRJ7362517										
General Fund										
Project Total										
12	Boone Co. - Lease									
PRJ7362518										
General Fund										
Project Total										
13	Home of the Innocents - Phase II Childrens Village									
PRJ7362520										
Bond Funds						8,250,000	8,250,000			
Project Total						8,250,000	8,250,000			
14	Brooklawn Child and Family Services (VETOED BY GOVERNOR)									
PRJ7362522										
Bond Funds										
Project Total										

2,000,000

FB 2006-2008 FINAL BUDGET MEMORANDUM - 2006 REGULAR SESSION OF THE GENERAL ASSEMBLY**H - Health and Family Services Cabinet****Capital Budget****Community Based Services**

Fiscal Year 2005-2006			Fiscal Year 2006-2007			Fiscal Year 2007-2008		
Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference	Branch Budget	General Assembly	Difference
				8,250,000	8,250,000			

TOTAL CAPITAL

Note: Boxed figure denotes enacted amount that was vetoed by the Governor and is not included in the totals.

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